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The Nation's Business

Bren Probe Starts Well

THAT the Bren gun contract probe will be broad and comprehensive is indicated by the statement from Prime Minister King which accompanied announcement of the appointment of Hon. Mr. Justice Davis as commissioner.

This statement said in part:

"The reference to the commission, while it does not specifically mention the article in Maclean's Magazine, has been made broad enough to cover all of Col. Drew's allegations, as set forth therein.

"This being its purpose, should it appear to the commissioner in the course of his enquiry that the terms or wording of the reference are to this end inadequate in any particular, the reference will be so enlarged as, in the opinion of the commissioner, will serve adequately to meet its intended purpose."

The Government has made an excellent start by prompt appointment of so eminent a jurist as Hon. Justice Davis and by the broad terms of reference given him as commissioner.

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Mr. Hepburn Should Reconsider

PREMIER HEPBURN has stated that Ontario will not be represented by an official exhibit at New York's World Fair next year. This decision should be reconsidered.

Ontario is vitally interested in attracting tourists and capital from the United States, and in selling that country Ontario products.

At the World's Fair there will be millions of Americans who have never visited Mr. Hepburn's province or who have hardly ever heard of it.

An arresting, well-planned, well-managed exhibit would undoubtedly attract these potential customers. It should repay actual cost a thousand times over.

In this age of competition business does not come "to him who waits," but only to companies or provinces that go after it.

More than that it is imperative that Canada's exhibit at New York be a unified effort representative of every province, as well as organizations such as railways, hotels, mercantile establishments, etc. Co-operation of the Ontario Government is essential to the success of such a plan.

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Budget Policy Proving Failure

THE Dominion Government's policy of waiting for prosperity to balance its budget is proving a dismal failure.

True, the over-all deficit in the 1937-38 fiscal year was reduced to $17.7 millions, but the promised balance between revenue and expenditures for 1938-39 is not in sight. In fact, it is possible the deficit may again soar to around $80 or $100 millions.

Hon. C. A. Dunning in his budget estimated the deficit would amount to about $23 millions. But, that was before it was evident the price of wheat would drop to such a low level and the Dominion had set the basic price of 80 cents a bushel.

The size of the deficit this year will depend largely upon the price of wheat. If wheat prices remain at their present level then the deficit will probably total $80 millions.

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Wheat Bill Mounts For Taxpayers

RECENT market quotations indicate that Canada's wheat venture this year is likely to cost Canadian taxpayers a lot of money. Hon. James Gardiner's recent assurance that the loss would only be around $35 to $40 millions may be far short of the mark. On the basis of present prices and the first Government crop estimate of 338 million bushels for the Prairie Provinces, something closer to $60 millions is more probable.

Even under the threat of world war, wheat prices have failed to regain more than a fraction of their recent declines and are still ruling close to 20 cents per bushel below the 80-cent Government minimum.

With surplus stocks in Canada and United States estimated at about 100 millions above total world import requirements last year, and with the new Argentine and Australian crops yet to be heard from, there would seem slim hope indeed of any substantial price improvement for a considerable time to come.

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Subsidy Plan Misses Those Most in Need

FIRST official crop estimate last week illustrates once more the weakness of any subsidy plan to help those most in need.

Due to a much higher yield per acre, Alberta's share of the federal contribution will equal that of Saskatchewan, although the latter province has a larger population, a greater number of farmers, and a much greater wheat acreage than has Alberta. And Saskatchewan's need, on the basis of crop yields of recent years, as well as of this year, would be much the greater.

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MANITOBA, which has a total population almost as great as that of Alberta, will obtain from the federal contribution only about

(Continued on page 2, col. 5)

Farm Machine Sales Helped By 80c Wheat

Massey-Harris Finds Eastern Canada Harder Hit Than West

ENLARGING MARKETS

It has been universally considered that the much larger wheat crop in western Canada would have a favorable effect on the sales of farm implement makers. The better crop is now being harvested, not only in western Canada but also in the rest of the country. But prices for most farm products are much lower than last year's levels. Outstanding example is wheat.

Officials of Massey-Harris Co. admit that this tendency has lessened the benefit from what would otherwise have been an extremely satisfactory harvest season for farm implement sales. Western Canada has benefitted from the minimum price of 80 cents a bushel for wheat that the Dominion Government has set through the Wheat Board operations, and sales volume in that part of the country for Massey-Harris is making a much better showing than in eastern Canada. This is important, as Massey-Harris, which does about one third of its total sales volume in Canada under normal conditions, obtains about two thirds of this Canadian business from western Canada. Thus the drop in prices of farm products, with a consequent reduction in farm purchasing power, has probably been less harmful than might have been feared.

U. S. Business Fairly Satisfactory

Effects of the drop in farm produce prices has apparently been more serious in the United States. In that country, while government support for wheat has also been given, this crop and others that are receiving similar treatment make up a smaller proportion of the total farm purchasing power. Business in the United States is termed by Massey-Harris officials relatively satisfactory. It is believed that sales volume in that country will be higher in the year which ends Nov. 30, 1938, than it was a year ago. This, however, may not extend to profits, although it is probably still too early to have a very accurate idea on the score of profits.

A recent report of the Federal Trade Commission in the U. S. gives some interesting figures regarding Massey-Harris sales in that country. Since 1927 these have run as follows:

Sales Volume in U. S.

1936	$5,197,623
1935	3,093,038
1934	2,215,852
1933	1,587,592
1932	1,036,743
1931	5,426,361
1930	11,399,130
1929	14,073,863
1928	9,393,763
1927	4,615,687

Ranks Seventh in U. S.

Last year for which these figures are complete is 1936. In that year Massey-Harris had total sales volume of a little less than $19 millions, indicating that the U. S. branches accounted for about 27%. Although no official confirmation is available, it is probable that sales in the U. S. last year made an even higher percentage of the estimated $26.6 millions for the year ended Nov. 30, 1937. In 1936, Massey-Harris ranked seventh in sales volume among farm implement manufacturers in the U. S.

Credit for maintaining a better than average sales record this year is given by Massey-Harris officials to the accomplishments of their engineering staff.

As an example of this, the company points to its new Model 101

(Continued on page 4, col. 6)

Fairchild Loss Larger in 18 Mos.

Write-offs in Connection With "Sekani" Planes Brings Net Loss Up

From Our Own Correspondent

MONTREAL.—Fairchild Aircraft reports a net loss of $56,729 for the 18 months ended June 30 last. This compares with net loss of $3,984 in year ended Dec. 31, 1936. The larger loss is due to write-offs of $52,265 in connection with development of "Sekani" plane designed and manufactured by the company operating profit for 18 month period at $37,022 is only $340 lower than in 1936.

Current assets total $427,018 and current liabilities $371,618, leaving working capital of $55,400. At the end of 1936 working capital totalled $163,040. Current liabilities include a bank loan of $30,728, accounts payable of $104,445 and deposits against aircraft under construction of $226,776.

Editor of The Financial Post To Interpret European Events

Europe at or near the breaking point . . . world business and markets in a state of critical suspense . . . Canadians holding their breath as one crisis after another appears and disappears.

At the very source of these developments, Floyd S. Chalmers, editor of The Financial Post, is observing for readers of this paper the history-making news of recent weeks.

Officially invited to Nuremberg by the German Government, he is one of the few outsiders provileged to attend the Nazi Party Congress, which culminated this week by the 70-minute declaration from Chancellor Hitler. From there he has gone to Berlin to interview top-ranking officials of the German Government.

F. S. CHALMERS

Starting next week, The Financial Post will publish the first of a series of articles from Mr. Chalmers, describing and interpreting for Canadians the rapidly-moving European scene.

Copies of The Post containing these very important articles may be obtained on all news stands. The first issue will go on sale Thursday, September 22.

Alberta Ready to Issue Another Form of Scrip

Plans to Give $103 Credit for Every $100 Deposited —To Open 6 Branches

From Our Own Correspondent

EDMONTON.—Action has at last been taken by the Government to issue a new form of scrip and to establish a series of treasury branches for the purpose.

It is understood the first treasury branch is now being built in the basement of the Edmonton Courthouse. Five others are planned. It is hoped that the people will use them as deposit centres instead of the banks.

According to reports the Government will not pay interest on deposits. The depositor will be given a credit note which assumes added value when exchanged for goods. For instance, every $100 deposited will entitle the depositor to buy $103 worth of goods.

The storekeeper, under the plan, will take the credit note to the treasury branch and collect $103.

The scheme was devised apparently by John Brinson, who has tried it out in the community of Three Hills. Two fundamentals govern his organization. For every $100 deposited, $103 credit will be issued; for every cheque issued against the deposit only 85% or less of its face value will be payable in cash. The difference will be extended in credit.

Wheat Pours Out of West

Farmers Rushing Deliveries — Aided by New Equipment

Up to the end of last week grain deliveries by farmers had taken place at an unprecedented rate. This was to some extent due to favorable harvesting weather which enabled most of the Manitoba crop and a good deal of that of Saskatchewan, and the early crop of southern Alberta to be threshed without delay. Threshing operations were held up for a number of days by wet weather commencing toward the end of the week, but over a considerable area farmers were still able to continue deliveries.

Farmers, to a large extent now have grain delivered in trucks either owned by themselves or doing business on a contract basis. Country elevators, too, are equipped to take in grain much more rapidly than a few years ago. Scales have been enlarged to take big truck loads. The railways have given very rapid service in furnishing and moving cars so that country elevators have been kept well cleared.

Had open market prices for wheat been somewhat higher, it is probable that many farmers would have kept their grain back in the hope of perhaps getting, later on, prices higher than the Board minimum. However, the market has been so low as to discourage such hopes, and in fact many farmers have accelerated their deliveries for fear that the Wheat Board minimum price might not hold throughout the year. Farmers who are holding threshed wheat in their granaries are doing so, not so much because of market reasons, but in order to get ahead with their farm work.

U. K. Movie Chain May Build Here

Harry W. Weedon, A.R.I.B.A., British architect who was responsible for the design of the Odeon Theatre chain of motion picture houses in Great Britain, will visit Canada shortly with a view to establishing a similar chain in this country, The Financial Post is informed. Mr. Weedon is representing Oscar Deutsch, head of the Odeon Theatres' Ltd., which operates a chain of 200 theatres described as the most beautiful in Great Britain.

Tourist Trade Shows Pickup

Canadian Travel Bureau's Estimate Above Those Previously Made

From Our Own Correspondent

OTTAWA. — Canadian tourist trade this year may gross as high as $280 millions, the Canadian Travel Bureau, Dept. of Transport, estimates. This would be only about $20 millions short of last year's total. Best showing was made in 1929 when visitors spent approximately $309 millions.

Misled by Local Conditions

This season's estimate of the Canadian Travel Bureau is substantially above that made by private sources. Some well-known resorts anticipate sharp reductions, but it is believed that they have been misled by purely local conditions. Extension of good roads into hitherto inaccessible regions has spread traffic over wider sections of the Dominion. Reports from western Canada, too, have been much more favorable than from certain districts in Quebec and Ontario. For the first six months of the year tourist entries into British Columbia, Manitoba and the Maritimes were above last year.

From 85 to 90% of Canada's tourist traffic, it is estimated, originates in United States. The serious business depression in that country early in the year naturally checked holiday travel and the revival which commenced in late June came too late to permit much altering of plans.

Change in U S Customs

Change in United States customs regulation is cited as another factor. Until a few months ago returning American tourist were allowed to bring in up to $100 worth of foreign goods free of duty. Recently Washington revised this regulation and now follows practically the same plan as Canada. Returning tourists are only allowed the exemption if they have been in a foreign country at least 48 hours and the privilege is limited to a certain number of times a year.

Poor road conditions, especially in eastern Canada, are also blamed for some decrease in tourist business this season. Heavy and frequent rains have been hard on all but hard-surfaced highways. While mileage of the latter is being extended in Quebec and the Maritimes, gravel roads still predominate.

Scarboro Township Makes Progress Toward Recovery

Slow but substantial progress toward recovery is being made by the township of Scarborough which has been in default for some years. Tax collections, it is stated, have improved. The current bank loan has been wiped out. Per capita arrears have been reduced.

It is felt that before long it will be possible to consider a refunding plan, but that it will also be many months before one which will be satisfactory to the Bondholders' Committee and the Department of Municipal Affairs can be worked out in entirety.

The Bondholders' Committee it is understood are starting to get the necessary information to ascertain what Scarborough can pay in any refunding scheme that may be adopted.

Highlights of the Week

Annual Textile issue, pages 13-19.

Pressed at home and abroad to extend her diplomatic representation in other countries, Canada is feeling her way carefully. The special problems besetting this comparatively young country in the world arena of diplomacy, and the reasons why Canada has not appointed any envoys of ambassadorial rank, are outlined in *Canada's Diplomatic Plans.—p. 24.*

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Increasing possibilities of Canadian mining development for investment, and methods of determining their qualifications for interesting capital, are analyzed in *Sampling Mining Investments.—p. 23.*

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Troubles of textile industry boil down to the basic need of the industry undertaking to create a better public understanding, John E. Langdon, Eastern Editor of The Financial Post concludes after an analysis of the position of textiles. *Telling Textiles Story.—p. 13.*

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Indications that some form of relieving municipalities from the growing burden of social services will be recommended by the Rowell Commission is seen in a survey of representations made to the Commission on property taxes. *Property Taxes Too High.—p. 3.*

REGULAR FEATURES

Banking 11
Bond Markets 5
Construction 12
Editorial 6
Insurance 10
Investment Trends 4
Investor's Enquiries 9
Pulp and Paper 8
Week in Business 7
Week in Mining 22
Week in Oils 22
Week in Wheat 21

Alberta Seeks New Refunding Plan for Debt

Low Coming East After First Two Proposals Fall Through

AMBITIOUS PROJECTS

From Our Own Correspondent

EDMONTON. — Two moves for the refunding of Alberta's $165 millions provincial debt have fallen through, but the Social Credit Government is persistent and Provincial Treasurer Solon Low will shortly visit Toronto and Montreal to see if some arrangement can be made with orthodox financiers.

It will be the second trip that Mr. Low has made for the same purpose this year. A few weeks ago he went to Salt Lake City where he is believed to have unsuccessfully canvassed a loan with heads of the Mormon church of which he is a member. Hope of obtaining financial assistance from the Mormon church is not yet dead, though the first negotiations struck a snag.

The second plan—a comprehensive scheme for "rationalizing" Alberta's economic life, worked out by Keith H. Williams, mystery man of British finance—collapsed this week. The Cabinet abruptly turned down Mr. Williams's proposals.

Natural Resources

Back of the plan is said to have been a project for turning the undeveloped natural resources of oil and coal over to a syndicate, which in turn was to undertake the refunding of Alberta's bonds.

Mr. Williams spent six weeks in Edmonton and his reputation for daring financial coups and spectacular promotions in various parts of the Empire gave support to the rumors that quickly spread. The fact that he is a financial reformer and condemns fixed interest rates made his entrance into government circles easier.

In addition Mr. Williams is reported to be interested in Canadian gold mining and is described as a friend of Bernard E. Smith, New York financier, and J. P. Bickell, Toronto mining man, who were in Edmonton recently on a flying trip with Premier Mitchell Hepburn.

British Guarantee

In his submission to the Aberhart Cabinet, Williams recommended that Alberta seek co-operation of other provinces to refund provincial debts in a series of big loans, securing the guarantee of the British Government. The rate of interest he advised was 3% or less, on an "average" scale, so that payments fluctuated with commodity prices, a higher rate in prosperous years, with corresponding reductions in low-price seasons.

Other recommendations made by Williams included co-operative buying of goods in large lots for retail sale, with an estimated saving of $1,000,000 a month to the people of the province; offering of contracts to manufacturers to encourage opening of plants in Alberta; pooling of insurance risks over the

(Continued on page 4, col. 6)

Can. Breweries Still Building

Two-year Programme of Additions and Improvements Takes $1 Million

Canadian Breweries Ltd. is just completing an extensive programme of plant improvements and extensions which has involved expenditure of close to $500,000 this year. This is approximately the same amount as the company provides for depreciation charges annually.

At the plant of British American Brewing Co., Windsor, additions to buildings and plant, consisting principally of increased stock cellar capacity, cost approximately $70,000.

Additional stock cellars, keg racking and cooperage shop buildings at the Carling-Kuntz Breweries plant in Waterloo required $150,000.

The O'Keefe's Brewing Co. plant at Toronto had approximately $200,000 spent. Modern glass-lined steel tanks were installed in additional stock cellars.

For the coming year the company has already completed plans for further improvements which will probably involve expenditure of another $500,000. Biggest single job planned for next year is the addition of another floor to the stock cellar building at the Carling-Kuntz plant. The original building was just erected this year.

Policy of Canadian Breweries in carrying out plant extensions and improvements is to utilize approximately the amount set aside each year for depreciation. This makes possible regular programmes of building, but does not mean that funds which are required for dividends are to be diverted to this use.

Newsprint and Pulp Exempt from Marking

From Our Own Correspondent

MONTREAL. — Newsprint and wood pulp entering the United States are among the articles exempt from marking to indicate country of origin. This is by reason of having been imported in substantial quantities during the five-year period prior to Jan. 1, 1937. This ruling is announced in accordance with requirements of the recently enacted customs administrative law.

Publishers Provide Counsel To Aid in Bren Gun Probe

The Dominion Government's offer to pay fees and expenses for counsel to assist Lieut. Colonel George A. Drew before the Commission which will enquire into the Bren gun contract will not be accepted, it was announced today.

The MacLean Publishing Company, publishers of Maclean's Magazine, and Colonel Drew were associated in presenting to the public the article entitled "Canada's Armament Mystery," which brought about the judicial enquiry starting next Monday in Ottawa before Mr. Justice H. H. Davis, with Hon. J. L. Ralston as government counsel.

The facts in the article were presented entirely in the public interest. The publishing company and Colonel Drew will co-operate in making the enquiry as complete and effective as possible.

In performing what they believe to be an important public duty they will contribute their own services and counsel without public expense.

The MacLean Publishing Company has retained I. F. Hellmuth, K.C., of Toronto, who will act in association with Colonel Drew before the Davis Commission.

Mr. Hellmuth acted as government counsel in the famous "Shell Enquiry" arising from munitions contracts during the Great War. This enquiry was conducted in 1916 before a commission comprising the late Sir William Meredith and Sir Lyman Duff, the present Chief Justice of Canada.

Dominion Govt. Deficit Will Exceed Estimate

Wheat Bonus Upsets Budget Calculations — Revenues Hold Up

Deficit of the Dominion Government in the current fiscal year will be much higher than estimated by Hon. C. A. Dunning, minister of finance, in his budget speech in June.

Ordinarily, a good wheat crop in western Canada would mean improvement in the budget position of the Dominion Government as a result of the impetus given to business. This should be especially true when the good crop follows years of lean harvests, but 1938 is an exception. Benefit to business generally from this year's crop is almost certain to be offset by a heavy direct loss to the Dominion treasury.

At the moment, the actual cost to the Dominion treasury of the 80-cent a bushel basic price for wheat is a matter of conjecture. It is certain to be large. On the basis of the present level of wheat prices it may reach more than $60 millions.

The actual loss in the current fiscal year will depend upon the trend of wheat prices and on the selling policy of the Canadian Wheat Board. At present there is little reason to hope for better prices. Much will depend on the crop in the Southern Hemisphere. If the wheat crop in Australia and the Argentine is a failure then the price of Canadian wheat will probably rise. Should the yields in these countries be good, the price might be depressed even farther.

It is possible, of course, the entire loss may not be absorbed in the current year. The Wheat Board is expected to follow a policy of orderly marketing and it is probable the entire crop will not be sold before the close of the Dominion's fiscal year. Only the actual loss incurred to the end of the fiscal year will be charged against this year's budget.

It is difficult to estimate the effect of the wheat policy on the federal budget, even assuming prices remain at their present level. While maintenance of present prices would mean a loss of about $60 millions. An offsetting factor, will be the reduction in the cost of relief in western

(Continued on page 8, col. 5)

Rail Earnings Show Increase

Wheat Movement Results in Upward Trend for Revenues

From Our Own Correspondent

MONTREAL.—The beneficial effect of western Canada's larger crop on revenues of Canada's two major railway systems is already evident.

Since the middle of August revenues of the Canadian Pacific Railway have been higher than in the corresponding periods of last year. In the week ended Aug. 21 there was an increase of $55,000 and in the 10 days ended Aug. 31 the increase amounted to $362,000. As there was a decrease of $148,000 in gross revenues in the first two weeks there was a net increase for the month of $269,000. This is the first increase in monthly gross earnings since January last.

The upward trend in earnings has continued into September and expectations are that continued improvement will be shown. In the week ended Sept. 7 gross revenues amounted to $3,529,000, an increase of $469,000 or 15.3%. If revenues were to continue to increase at this rate through the remainder of the year, the decline of $6.4 millions gross revenues recorded in the first seven months would be eliminated.

To date, the C.P.R. has derived greater benefit from the larger wheat crop than has the C.N.R.. At least this is indicated by the revenue figures. While C.N.R. revenues have shown improvement they are still below a year ago. However, decreases recorded in recent weeks have been comparatively small. In the 10 days ended Aug. 31 gross revenues amounted to $5,702,514, a decrease of only $21,880 or 0.38%. In the week ended Sept. 7 revenues totalled $3,689,291, a decline of $49,907 or 1.4% from the same week last year.

Canadian Employment Now Running About 1930 Level

There are almost as many dinner pails going to work in Canada now as there were at the height of the boom period 10 years ago. Best record was made in 1929 when wage earners in regular employment numbered slightly over 2.5 millions. This summer, according to a survey of the Dominion Bureau of Statistics, total was 2.3 millions.

These figures, however, do not tell the whole story because total Canadian population has increased 11% since 1929. Slack over and above the difference in totals mentioned has been taken up by the number of unemployed. Total in this category has increased this year though it is still, as the chart shows, well down from the worst of the depression years.

Current employment is running about the level of the late months of 1930. In recent months the number of wage earners gainfully occupied has fallen slightly though most of the decrease is of a seasonal character. Industries such as textiles, iron and steel and logging have not been quite as active.

Offsetting this but not completely has been increased activity in mining, communications, railway transportation, shipping, building, highway construction and wholesale trade.

Over the last 10 years employment has fluctuated from a high of 2,556,000 in 1929 to a low of 1,790,000 in 1933, based on June 1 figures. Unemployment during the same period rose from approximately 44,000 in 1929 to 642,000 at the depth of the depression in 1933. At the latter point more than one third of the total wage earners in Canada, it is estimated, were out of jobs. Figures for June, 1938, place total unemployed wage earners in Canada at 387,000. This compares with 294,000 in June, 1937.

Due to the gradual increase in the number of men and women reaching employment age more workers would have to be absorbed at the present time to produce the same measure of prosperity experienced nine and 10 years ago. In 1928, for instance, it is estimated, total number of wage earners was 2,453,000 whereas today there are 2,725,000.

Millers Fear United States Flour Subsidy

Canada's Export Trade in Flour May be Upset

GOVERNMENT AID

From Our Own Correspondent

MONTREAL.—The United States policy of subsidizing flour exports may prove detrimental to Canada's flour milling industry.

A few weeks ago the Canadian milling companies were looking to the future with confidence. Prospects were they would be able to regain some of their lost markets. Now, however, it appears they may even lose some of their present markets.

It is impossible to say to what extent exports of Canadian flour will be affected by the U. S. policy. This will depend on how far the Washington authorities are prepared to go in their efforts to push sales abroad.

Subsidy is Variable

The U. S. policy if pushed energetically will probably result in depressed prices. In fact, it could very well develop into an invitation to foreign buyers to offer unreasonably low bids.

The subsidy of 30 cents a barrel announced last week will not affect sales of Canadian flour. It merely enables the American flour industry to hold its own in view of the higher price it has to pay for its wheat. The U. S. miller buys his grain at the internal price and not the world price. For instance, the Minneapolis cash price for No. 1 hard wheat is about 12 cents a bushel higher than the Canadian price. However, the subsidy is subject to daily adjustment so it is a highly variable factor.

May Lose Preference

In addition to facing severe and possibly unfair competition from United States, Canadian millers expect to lose their preference in Great Britain. Expectations are the Anglo-U. S. trade treaty will place flour on the free list.

There is some difference of opinion as to the effect of the British preference on the flour industry. In recent years the preference has been of no benefit as Canadian wheat has sold at a substantial premium because of its scarcity. Thus, the loss of the preference will not be a blow to the industry, but it removes what might have been a favorable factor in the future.

Presumably, the subsidy will apply only to flour made exclusively from American wheat. Thus, American millers will not be able to go back to the policy of milling Canadian wheat in bond for foreign account or of using a percentage of Canadian wheat to strengthen their mix. There is, however, a large amount of hard American wheat in the current crop and carryover which will make flour of quality closely competitive with the Canadian product.

May Ask Government Aid

If United States increases its subsidy and pushes sales to a point where Canada's position in world markets is threatened, the Dominion Government will probably be asked to assist the Canadian millers in maintaining their exports. Not only is the milling industry an important factor in the Canadian economy, but wheat sales abroad are closely related to flour sales. If no Canadian flour is being offered in a particular market it is much easier for the domestic millers to market flour made from cheaper and softer wheats. In other words, Canadian flour is an important trade ambassador for Canadian wheat.

Aircraft Firm Adds to Plant

Toronto Factory of de Havilland Company Being Extended

Extension of the assembly building and office accommodation at the plant of de Havilland Aircraft of Canada Ltd. near Toronto is being undertaken immediately, the total probable expenditure on the improvements being estimated at between $75,000 and $80,000.

Purpose of the expansion is stated to be to cope with increase in regular commercial business of the company, and to handle the orders from the parent company in England for fuselages for training planes for the Royal Air Force. The plant extension has no relation to the prospect of orders arising out of the recently announced plan for production of British war planes in Canada, according to company officials.

As far as can be learned, funds for the factory enlargement will be drawn from available finances at the disposal of the company, and will not require additional financing or issue of securities.

The addition to the assembly building, with walls consisting largely of steel and glass with brick framing, will add 20,000 square feet to the existing building and increase final production facilities about 50%. Offices will be enlarged by extension over the top of the present one-story parts section of the assembly building.

Three Oil Companies Pay Initial Dividends

Three oil companies, Vulcan-Brown Petroleums, Royal Crest and Three Point will make their initial dividend payments on Sept. 30 to shareholders of record Sept. 21. The amount of the dividends is 1¾ cents in the case of Vulcan-Brown, 1½ cents for Royal Crest and 1 cent in the case of Three Point.

MEN'S SHOP

HEADLINES AND FOOTNOTES FOR FALL

FROM THE MEN'S SHOP

From head to foot, the Men's Shop is ready to serve your needs for Fall, in clothing and accessories of definite distinction . . . with everything from a tie-pin to new Huntingdon suit for Fall—or a Burberry Topcoat.

The Men's Shop is a specialty shop devoted exclusively to men's apparel, with a wide reputation for correct new styles of fine quality at reasonable prices.

Hats ranging in price from $4.50 to $10.00
Shoes ranging in price from $5.00 to $11.50

Free Parking while Shopping

MEN'S SHOP

BAY STREET SECTION

EATON'S - COLLEGE STREET

Texas-Canadian Brings In Beecher City Well

Texas-Canadian Oil Corporation has brought in its first well in the semi-proved Beecher City field, Fayette county, Illinois, 200 miles south of Chicago. The corporation's lease is stated to be well situated, ensuring 4 additional wells.

The well was brought in at a depth of 1,540 ft. after cutting of 23 ft. of well saturated sand and has a flow estimated at 100 barrels daily. Oil in this area is selling freely at around $1.35 per barrel.

Texas-Canadian owns a five-eighths interest in the well and estimates the cost will be returned in 100 days. Additional acreage is held in the same area.

THE DOMINION LIFE ASSURANCE COMPANY

AT 6 YOU'RE SURE TO BE DEPENDENT. AT 60 YOU MAY BE. LIFE INSURANCE WILL RULE OUT THE UNCERTAINTY.

ESTABLISHED 1889 — HEAD OFFICE — WATERLOO — ONTARIO

YOUNG MAN ... going places!

Many of these young men are friends of ours. Often they come to our managers with financial perplexities and for a frank discussion of knotty business problems. Our managers welcome such visits.

HE may not be a big executive ... YET. But watch him!

He's working hard, studying, saving his money. His eye is on something BIG. He won't stay put.

There are thousands of young men like him in Canada today—men, who in five more years will be leaders in their communities.

YOUNG MEN . . . going places.

THE ROYAL BANK OF CANADA

OVER 600 BRANCHES IN ALL PARTS OF CANADA

Canadians Control Market

Analysis of Textile Sales Shows Increasing Hold on Home Business

Analysis of the Canadian textile market over the past 10 years shows that the Canadian mills are accounting for an increasing share of the domestic market while, on the whole, the volume of imports has tended to decline with the notable exception of cotton fabrics.

The relative shares of the domestic market for the principal groups of textile products held by Canadian and foreign manufacturers were estimated by the Turgeon Royal Commission on the Textile industry by correlating the census of production statistics and the export and import trade return.

One of the most serious difficulties encountered in such a study is the change in the manner of reporting quantities of imports for many textile products. Not only are classifications changed with changes in the tariff, but beginning in the fiscal year 1930-32, a number of items which had previously been reported in yards has since been reported by weight. The Commission points out the official returns provide no conversion factors for relating yardage and poundage figures, it is necessary to develop various methods for arriving at a continuous series of trade figures. For these and other reasons the returns, which will be shown in detail, must be taken only as approximately correct.

Survey of Cottons

The Commission reports:

Cotton fabrics probably serve a wider range of uses than any of the other textiles. Their consumption is thus influenced not only by changes in consumer demand but also by changes in industrial requirements. The demands of industry for cotton goods are influenced not only by the trend of prosperity, but also by the development of substitute products.

Available statistics on production and imports of cotton fabrics in Canada are not sufficiently detailed to permit the separate determination of changes in consumer demand and in industrial requirements.

Market Trend Varies

Between 1926 and 1928 the production of cotton fabrics in Canada, after eliminating duplication of output within the industry, advanced from almost 216 million yards to more than 240 million yards. Imports also increased and the proportion of the domestic market held by Canadian producers declined slightly from 69.4% in 1926 to 67.7% in 1928. In 1929 there was a marked decline in production of cotton fabrics by Canadian mills, particularly in grey goods and printed, dyed and colored fabrics. Total imports in 1929 were slightly less than in the preceding year, but there were increases in the imports of grey goods and finished fabrics. As a result, the proportion of the domestic market held by Canadian mills fell still further to 64.6% in 1929.

Tariff changes in 1930 were followed by a reversal of the trend, although the total production of cotton fabrics continued to decline until 1931 and imports fell off until 1932. The share of the domestic market held by the Canadian mills rose to 72.6% in 1931 and was maintained at 76.9% in 1932 and 1933. In recent years the proportion has fallen somewhat but remains higher than in the predepression period. The revival in trade in 1936 and 1937 led to a larger demand for imported fabrics, as well as for the products of domestic mills.

Turn Out Better Product

Canadian mills have shown an increasing ability to produce finished cotton fabrics, and their share of the domestic market for printed, dyed or colored fabrics is considerably larger than in the years prior to 1929. The report of the United Kingdom Department of overseas trade for 1935-36 contains the following observation on the Canadian market: "Last year the writer stated what is still true—that it is impossible to ignore the fact that the domestic mills are each season becoming more efficient and producing qualities and weaves which were formerly bought from United Kingdom manufacturers."

Per capita consumption of cotton fabrics is now considerably lower than in the predepression period. This is particularly true in the case of bleached or white fabrics and printed, dyed or colored fabrics. The wider use now being made of rayon fabrics has undoubtedly been partly responsible for the decline in consumption of cotton goods. Nevertheless some of the cotton mills are now substantial producers of rayon fabrics, their position has not as yet been seriously affected by the shift in consumer demand for textiles.

Phenomenal Growth

Figures on production and importation of artificial silk and silk fabrics, including mixtures, reveal the phenomenal growth of the domestic industry during the past decade and the virtual supplanting of importations by Canadian fabrics in the the period subsequent to 1929. In the case of artificial silk and mixture fabrics, the available supply consisted, during the years prior to 1929, largely of artificial silk and cotton mixtures, but, with improvements in rayon manufactures, the output now consists largely of all rayon fabrics. Between 1925 and 1930 the Canadian production of rayon and mixtures increased more than fivefold but imports increased much more in quantity, so that the proportion of the market supplied by domestic producers declined slightly.

The increase in tariff rates in December, 1930 led to an immediate curtailment of imports, and, as domestic production continued to advance, the share of the Canadian market supplied by the domestic manufacturers increased from 25% in 1930 to 40.6% in 1931. Imports reached a low point in 1935 while Canadian production showed a further advance, so that less than 8% of the domestic demand was supplied by imports. In 1936 there was some increase in imports, and, while Canadian production increased more in quantity, the share of the market held by domestic producers declined to 87.9%.

Rayon Purchases Increase

Consumption of rayon fabrics has shown a marked increase in the decade, advancing from less than one yard per capita in 1926 to 3.21 yards in 1930. The curtailment in supplies through loss in imports, and the lack of purchasing power of consumers, led to some reduction in consumption until 1934.

Silk Consumption Lower

Growth in consumption of rayon fabrics has been paralleled in part by a decline in the use of silk piece goods. This change in consumption habits has not been reflected in the figures for Canadian production until the last few years, as the loss in imports maintained the market for Canadian products. Production increased from 1,200,000 yards in 1926 to more than 8 million yards in 1930. Imports, on the other hand, were at a higher point in 1927 with about 26 million yards, but declined to less than 14 millions in 1930 and have continued at about 2 million yards during recent years. The share of the market held by Canadian producers has thus become greater, until more than 80% of the demand is met by domestic manufacturers. Per capita consumption, on the other hand, has fallen from 2.89 yards in 1927 to 1.05 yards in 1936.

Wool Has Checkered Career

The wool cloth industry has had a checkered career in Canada. Developing out of a domestic industry into factory manufacture, it was unable to compete with the more advanced English industry and lost ground until revived by the stimulus of war demands. During the post-war period production was well maintained. The apparent maintenance of Canadian production for 1926 to 1929 was due to the increasing production of industrial products in the predepression period and the figures concealed, to some extent, a decline in the production of piece goods in this period.

Below Predepression

Compared with the increased production of Canadian wool fabrics, the available supply of goods dropped 2.43 yards per capita in 1930 to 1.84 in 1932. Although there has been some increase in consumption in recent years, the average of 2.59 yards for 1936 was well below the predepression level.

Canadian producers were providing about one quarter of the supply of wool fabrics in the predepression period, but, after the curtailment in imports, their share rose to more than one half and in 1935 and 1936 was almost 60%.

Real Silk Hosiery Gains

Canadian manufacturers of real silk hosiery were supplying all but a very small part of the domestic requirements in the period prior to 1930, and the effect of the tariff change in that year was practically to eliminate the small remaining volume of imports. On the other hand, Canadian producers continued to develop their export trade, until by 1936 exports formed more than 18% of the Canadian production. The apparent consumption of real silk hosiery declined during the first years of the depression, but has since recovered and is now considerably higher than in 1929.

Synthetic Product Declines

The increasing popularity of real silk hosiery has served to limit the demand for the synthetic product, and the apparent consumption of artificial silk hosiery in Canada has declined steadily. Imports formed more than 40% of available supply in 1929 and 1930, but were practically excluded after the increase in tariff rates, says the commission. To what extent cheap rayon hosiery would have met a domestic demand cannot be estimated but there is some likelihood that a market would have continued for low price imported rayon hosiery which was not served by the higher priced domestic products.

Other Types Hold

In the case of wool and cotton hosiery, a considerable part of the domestic demand was met by imported goods prior to 1931; the imports of cotton hosiery being proportionately greater than those of wool. Imports dwindled from 1931 onward with much greater reduction in imports of cotton hosiery than of wool. Approximately 95% of the available supply of wool hosiery now comes from Canadian mills, while practically all the cotton hosiery produced in Canada is of domestic manufacture.

Trend of Underwear

Owing to the wide variety of knit goods articles, other than hosiery, and the lack of sufficient detail as to products in the census and trade returns, the Commission found it was not possible to determine the relative share of the domestic market for knit goods held by Canadian and foreign manufacturers. The following figures for underwear, derived from the Canadian census reports and the trade returns for the United Kingdom and United States, served to indicate partially the trend of consumption and the share of the market held by Canadian producers during recent years. It must be borne in mind that the demand for knit goods, as for other clothing, is influenced by changes in fashion and modes of living. Lighter articles of clothing are becoming increasingly popular with improvements in heating and methods of transportation.

Production and Imports of Underwear 1926 to 1935

Wool and Wool Mixed Underwear

	Production (a) doz.	Imports from United Kingdom (b) doz.
1929	259,926	29,300
1930	227,925	24,216
1931	231,569	20,564
1932	199,987	19,627
1933	213,447	17,230
1934	198,186	17,146
1935	194,906	24,108
1936	246,471	33,107

Cotton and Cotton Mixed Underwear

	Production (a) doz.	Imports from United Kingdom doz.	Imports from United States doz.
1929	1,067,553	2,125	60,919
1930	846,840	1,906	52,563
1931	679,654	3,205	32,947
1932	760,521	10,534	8,270
1933	899,263	10,430	3,543
1934	976,453	8,214	1,845
1935	1,001,373	11,551	1,804
1936	1,093,586	20,518	4,302

Artificial Silk Underwear

	Production (a) doz.	Imports from United States (c) doz.
1929	325,492	7,104
1930	372,242	4,671
1931	329,353	4,480
1932	286,031	171
1933	300,648	130
1934	313,898	229
1935	291,713	314
1936	271,561	374

(a) Two single garments have been considered as one combination garment in arriving at the totals.
(b) As reported in the United Kingdom Trade returns.
(c) As reported in the United States Trade returns.

The Nation's Business

(Continued from page 1)

one third as much as Alberta. Manitoba has a smaller number of farmers, and their wheat acreage is something under half of that of Alberta, while their yields this year have been smaller per acre than those of the latter province. Moreover, Manitoba farmers have less than half their crop acreage in wheat, having, with official blessing, developed mixed farming more than the farmers of the other provinces. They are suffering this year from low prices for oats and barley, and may come to feel that their venture into more diversified agriculture has not been properly rewarded.

Discrepancies between individuals will be much more striking. There will be large farms in southern Alberta, with from 500 to several thousand acres in wheat, many of them in the districts of large yields. Many farmers, producing from 10 to 20 thousand bushels, will receive from the federal bounty from $1,000 to $2,000. The share of a few others will be even larger.

There will be a great number of small farms, unfortunate in their yields this year, which will benefit by from $50 to $100.

Even within western provinces there will be many to question the justice of this new national policy.

* * *

Property Taxes Need to be Cut

MUNICIPAL taxation may be only a subsidiary aspect of the study being made by the Rowell Commission, but it is nevertheless of great importance.

Evidence submitted to the Commission reveals it is one of the fundamental problems facing the country at the present time. Submissions proved beyond all doubt that property taxes in Canada are too high.

In fact it is the one matter about which there is unanimity of opinion. A great many proposals have been made to the Commission, but the only one about which Canadians appear to be unanimous is the necessity of lightening the burden of property taxes.

A review of the evidence on this point placed before the Commission earlier this year is published elsewhere in this issue.

* * *

IN THE recovery that has taken place since 1933, the building industry has lagged behind others. One predominant explanation of this is high municipal taxation.

In every part of the Dominion high taxation has destroyed real estate as an investment. In many instances it is a liability rather than an asset. As a result people are finding it cheaper to rent than to own their own homes.

As long as this situation exists, a revival in the building industry cannot be expected. A prime essential to increased activity in the construction industry is the re-establishment of real estate as a sound investment. People will not build their own homes and capital will not be attracted to the building industry if a fair return is not obtainable. Low interest loans such as those sponsored by the Dominion Government can play an important part, but the first necessity is lower taxation.

* * *

THE reason for high property taxes is not difficult to find. It is social service costs.

The easiest way to lighten the burden would appear to be to relieve municipalities of at least part of their present share of these costs. In any case, it was never intended property should be taxed to provide social services.

To a very large extent the problem centres around that of relief. If municipalities were relieved of relief costs through assumption of responsibility for relief by the Dominion, then property taxes could be reduced. The immediate reduction might not be large, but there would be considerable reduction over a period of years as the relief debt piled up during the depression is liquidated.

* * *

Teamwork Behind Ontario Paper Success

THE 25th anniversary banquet of the Ontario Paper Co. marked an event of some significance in the industrial life of this country.

It was in the first week of Sept., 1913 that this company began to turn out 100 tons of newsprint per day for its owners, the Chicago Tribune. The mill at Thorold, Ont. has operated full time, 52 weeks a year ever since. Its production is now slightly over 500 tons a day with three shifts employed. It is said to be the first newsprint plant constructed in Canada after removal of the duty on Canadian newsprint entering the United States.

Even more remarkable is the fact that during these 25 years the company has never had a single stoppage due to labor troubles. A system of collective bargaining has been in force for many years. Its success, in the view of the management has been due as much as anything to the "reasonableness of the bargainers."

Blessed with abundant natural resources and with a continuous and assured demand for its product, the company is to be congratulated on having what Arthur A. Schmon, president and general manager of the company, described as:

"teamwork between owners, management and employees in maintaining freedom from serious disputes and in achieving the soundness of the enterprise."

Investors' Index

INDUSTRIALS AND UTILITIES

Anglo-C. Drugs	9	Gt. Lakes Pap.	9
Alta. Pacific	4	Gen. Seafoods	3
Algoma Cons.	24	Inter. Foils	11
B. C. Packers	7	Inter. Paper	8
Bell Telephone	9, 10	Jamaica P. S.	11
Boeing Air.	11, 19	Kensington Man.	12
Can. Breweries	1	Kelvinator	24
Can. Canners	5	Louisiana Land.	7
C. P. R.	5	Lake Sulphite	8
Can. Nor. Pwr.	24	Maritime Tel.	24
Cons. Theatres	4	Massey-Harris	1
Capital Trust	9	Mercury Mills	9
Can. Marconi	12	Neon Products	12
Can. Rail & H.	12	Orange Crush	9
C'lingw'd Term.	19	Ontario Steel	12
Dosco	23	Pacific Coyle	12
Donahue Bros.	8	Pressed Metals	4
Dom. Explosive	19	Stop & Shop	5
Distil.-Seagrams	10	Stedman Bros.	7
Electrolux	9	Toronto Elev.	4
Fairchild	1	Term. Wareho's	12
Frost & Wood	4	United Amuse.	12
Gatineau	8		

MINES AND OILS

Alexandria	22	MacLeod-Cock.	23
Asnazu	22	Miles-Martin	23
Afton	23	Mining Corp.	23
Bralorne	23	Minto	8
Bulolo	8	Macassa	22, 23
Brock Gold	22	Perwall Pete.	22
Bilmac Gold	23	Pato Cons.	22
Buffalo Anker.	23	Prairie Royal.	8
Bidgood Kirk.	23	Paymaster	23
Bankfield	23	Perron	23
Cariboo Gold	23	Pioneer	23
Crowshore	23	Porcher Isl.	23
Central Pat.	23	Roche L. L.	22
Drury Nickel	22	Ram River	22
East Malartic	22	Read-Authier	22
Empire	23	Reno	23
Firestone Pete.	5	Rand Malartic	5
Foundation Pete.	5	Reward Min.	23
Franco Oils	23	Royal Crest	1
Frontier Royal.	19	Supreme Gold	22
Fallentimber	22	Slave Lake	23
Grenlard Kirk.	22	Split Lake	23
Galatea Gold	5	Sigma	23
Gunnar Gold	23	Sachigo River	23
Gurney	23	Sand River	23
Gold Eagle	23	Sheep Creek	23
Gillies Lake	23	Silbak Prem.	23
Garham Gold	22	Turner Valley	22
Hedley Amal.	5	Texas-Can.	2, 22
Howey Gold	2	Trail Smelters	4
Halliwell	22	Three Point	1
Island Mount.	23	Upper Seine	4, 22
Inter-State Rlty.	11	Upper Canada	23
Jacola	5	Vulcan-Brown	1
J.-M. Cons.	22	Waco Gold	22
Leitch	23	Wesko	23
Laguna	23	W. Shiningtree	23
Monarch Royal	22		

QUOTATIONS

Bonds	20, 21	Industrials	20
Grain	21	Mines & Oils	20
Foreign Exchange	7		

Weekly Record of Financing in Canada

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Sisters of Charity of Immaculate Conception, Saint John, N.B.	Sept.	Thomas B. R[illegible] Co.	4%	19[illegible]-53	$150,000	100	4%
Les Syndics De La Paroisse De L'Enfant-Jesus De Pointe-Aux-Trembles	Sept.	Paul Gonthier & Cie.	4%	1939-53	90,000	100	...
Philippine Long Distance Telephone Co.	Sept.	W. C. Pitfield & Co.	6%	1953	1,000,000	100	6%

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PLANET OPTION DROPPED

Howey Gold Mines has dropped its option on the property of Planet Gold Mines in the Boston Creek area, according to R. T. Birks, president of Howey. It is understood that results were not sufficiently favorable to warrant the exercising of the option.

KNIT GOODS CAPITAL $95 MILLIONS

Hosiery, knitted goods and fabric glove industries in Canada have a capital investment of $94.9 millions, employ 31,400 workers; and in 1936 had a gross value of production totalling $91.8 millions.

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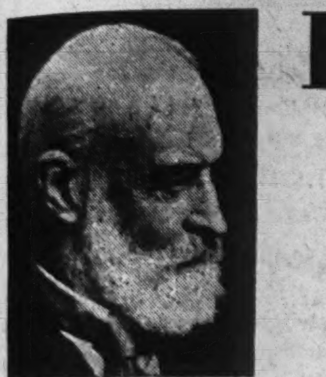

Aylmer Maude

London Calling

by Atticus II

British Woman M. P. Succeeds as Amateur "Dowser" Finds $5 Under Rug as Well as Water With Twig

LONDON. — The experiments which have been made to find an explanation of the extraordinary phenomenon of water-divining or "dowsing" make one wonder that they have never been undertaken with so much scientific thoroughness before. Of the reality of the phenomenon there can be no question: it is doubted only by those who have not seen it.

The first exhibitions of it that I ever saw were given by two unexpected "dowsers." One was Lord Woodbridge, then Sir Arthur Churchman, and a member of the House of Commons. He had accidentally discovered his gift some years before, and was wont to give demonstrations of it to admiring friends.

When he did so now, it naturally set all the other members of the house-party wondering whether they possessed it also. But the only one who did was Miss Thelma Cazalet, who later also entered the House of Commons. Her endowment proved to be, indeed, considering that she was only making her first attempts, even richer than Lord Woodbridge's. After two or three days practice she was able to indicate with reasonable accuracy the position of an American five-dollar gold piece hidden under the carpet of a large room.

• • •

Art of the "Dowser"

So far as was possible without actually digging for the springs divined, I tested the phenomena very carefully. The twig moved violently without any effort on the part of the person holding it that could be detected by the closest scrutiny. Once, when I was holding one end of the twig and Miss Cazalet the other, I tried to resist its movement, with the result that it broke in my fingers. While this was happening I watched her hand closely and could not see any action of the muscles, voluntary or involuntary. For that matter, I do not believe that the twig could be deliberately made to act as it does except after long practice. To the observer the process seems to be precisely as the dowsers say it feels to them—the twig moves of its own accord and they cannot help or hinder it.

I have talked to professional dowsers since, and they all tell me that the gift is one that can be cultivated. The diviner's power grows in intensity and certainty, and he learns to tell how much water there is and at what depth. Therefore it seems to me that these two legislators, generously gifted as their amateur performances showed them to be, might have stood at the very head of the profession if they had not preferred the drier and slightly less mysterious career of politics.

• • •

Tolstoy in English

The death of Mr. Aylmer Maude at the age of 80 should remind us of a career remarkable alike for single-mindedness and achievement. It is true that he has done other things, but still, when his name is mentioned, it is Tolstoy of whom one thinks. I doubt if there is any great foreign author of anything like comparable voluminousness whose works are all obtainable in English translations of the same degree of accuracy and readableness. For this we have to thank Mr. Maude and his wife, Louise Maude, who put the main labor of their lives into ensuring that what their hero had said should be available for English readers to understand.

When they began their task they found a garden plentifully overgrown by weeds. The earlier versions in our language, made before the conscience of the publishing trade had awakened in this particular field, were deplorable. Cultured persons (Matthew Arnold for one) preferred to read Tolstoy in French. But, Mr. Maude pointed out, French is the very worst medium for the purpose. Many of the characters, Russian aristocrats, have the habit of dropping into French now and again. This is a real and important contribution to the color of their social milieu, but it is one which the French translator cannot reproduce. Assuredly now the cultured person need not seek abroad for what he wants to know of Tolstoy. He can find it at home in one of the most admirably consistent translations ever produced.

Like all who were concerned with Tolstoy's life and work, Mr. Maude was not able to avoid being drawn into controversy with some of the others. The prophet had the knack of embroiling his followers even after his death. But he showed signs of militancy most when the proper transliteration of Tolstoy's name was in question. He went so far as to use this for a test of the merits of different translations, saying that those using the form "Tolstoi" were usually "very defective and unreliable."

And I confess that I have not here used Mr. Maude's own transliteration, which carries an accent on the second syllable, to show that it is there that the emphasis falls. But I am certain that nothing will ever persuade us to put the emphasis anywhere but on the first.

• • •

Trade Union Stalwart

Mr. Alfred Short, the late Labor member for Doncaster, showed considerable enterprise, foresight, and energy when, approaching the age of forty, he began to read for his Bar examinations. He was already a member of Parliament, having served a long apprentieeship in public life as a trade union official and a member of the Sheffield City Council. But he considered that his range of knowledge might profitably be extended, and his decision did prove profitable to him when he was appointed Parliamentary Under-Secretary at the Home Office in the Labor Government of 1929.

He was one of those stalwarts of the trade union movement who do not often appear in the public eye, but who are, nevertheless, useful to the whole nation as well as to their immediate associates. He was an adroit organizer and a tactful and resourceful negotiator. The House of Commons as a whole will miss him as much as will the Labor Party.

• • •

A Roman Site

I spent a pleasant hour or so last week in looking at the Roman site now being excavated in Sussex, near Angmering. If I am not mistaken, it may prove to be one of the most important in the south of England. The foundations are far from being completely uncovered, but it is evident that they extend over a considerable area. Up to now no mosaics have been found like those which decorate the villa at Bognor. In fact, I incline to agree with the guess that has been made that this was not a villa at all, not a rich man's country residence, but a military station of some sort.

This conjecture does not, however, answer all the questions that it raises. It seems to have been built, or at any rate begun, about A.D. 70, and peacefully deserted about A.D. 160. Now why? It is hard to think of a reason for complete abandonment at a time when Roman Britain was in the full tide of prosperity, long before disorder and depopulation set in as a result of the decline of the central government.

Thelma Cazalet

This is, indeed, a specimen of the problems which the spade of the archaeologist today sets us in increasing numbers. And, though not greatly encouraged, certainly not pampered, the British archaeologist is hard at work on the soil of his own land. His is a genuine and noble passion.

When I went to the Angmering site, the local expert was exhibiting its beauties to an expert from another part of the country. This visitor had a site of his own in the Chilterns. The conversation of the two was, unmistakably, that of deep calling to deep, and the rest of us could do little but listen respectfully, framing our few questions with care so as not to expose our ignorance too much. They reminded me, somehow, of two stock breeders comparing the merits of their respective shorthorns.

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Rowell Commission — No. 4

Property Taxes Too High

Every Part of Canada Unanimous in Submissions to Commission

This is the fourth of a series of articles analyzing the briefs submitted to the Rowell Commission. The writer, a member of The Financial Post staff, accompanied the commission on its tour of Canada. Writing to The Financial Post Hon. Stuart Garson, provincial treasurer of Manitoba, says: "If the articles that are to come maintain the present standard of excellence, I do not know of any way in which the layman can, at a minimum of effort, obtain a better understanding of the main issues before the commission than by reading this series of articles."

By NORMAN A. WHITE
Staff Writer, The Financial Post

The necessity of lightening the burden of taxation on real estate is one subject about which there is unanimity of opinion in Canada.

As regards most aspects of the study being made by the Rowell Commission there is for the most part disagreement. But submissions made to the commission in every section of the country and by a wide variety of organizations stressed the importance of reducing municipal taxation. Municipalities, provincial governments, municipal organizations, taxation experts, financiers, businessmen, industrialists, labor unions, educationalists and builders are all convinced the tax burden on real estate is too heavy.

What proof is there that real estate taxes are too high?

A Poor Investment

It would be possible to build up a long list of evidence in support of this contention, but the most important is the position of real estate as an investment. Ample evidence was submitted to the commission to show excessive taxation has destroyed real estate as an investment. In fact, in most urban centres it has been a liability rather than an asset during recent years.

In every section of the country examples were cited for the commission showing there has been little return from real estate in the past 10 years. In the great majority of cases the return is too small to justify investment of capital and in a great many cases there has been a net loss. For instance, on a cross section of property in the city of Winnipeg the average return over a nine-year period was shown to be only 2%, before allowing for depreciation. In late years it has been only one half of 1%.

Destroys Property Values

There can be no doubt as to the part played by high taxation in destroying property values. Buildings had been demolished or forfeited for taxes in order to avoid an annual loss. Furthermore, while properties in cities have been offered for sale at prices ranging from 25% to 50% below their assessed values there have not been ready purchasers.

Then, again, high taxes have and are discouraging home ownership. In numerous centres people are finding it is cheaper to rent a house than to own their own home. This, of course, is a natural condition where real estate is an unprofitable investment. It merely means the property owner is getting little or no return.

Retards Building

The effect of this condition is a serious matter for the building industry. In fact, it explains why the building industry has not shared proportionately in the recovery which has taken place. Real estate must be a profitable investment if capital is to be attracted to the building industry. As long as a fair return is not obtainable people are not going to build.

The effect of this situation on the economy of the country as a whole cannot be underestimated. Normally, the building industry provides a large volume of employment, not only directly but indirectly. Thus, a stimulus in building as a result of lower municipal taxation would alleviate unemployment and mean additional revenues for the provincial and Dominion treasuries.

Municipal Finances

There is yet another effect of the high level of municipal taxation. It has been the cause of the weakened financial positions of the great majority of municipalities in Canada. As taxes have risen, tax arrears have mounted and a great many properties have been forfeited for taxes. Furthermore, since earning power of property has been lessened by high taxes, capital values have fallen. Thus, the municipalities find themselves faced not only with a huge accumulation of unpaid taxes, but lower assessments. As a result, the unhealthy situation has been accentuated, taxes being increased further to offset the drop in assessment. In fact, the law of diminishing returns is at work in more than one municipality.

Social Services Responsible

What is the cause of this heavy burden of taxation?

Some may be inclined to blame overexpansion of municipal services in the past. This has been a factor in particular communities, but it is not the primary cause. The main reason is that municipalities have been forced to assume responsibilities which it was never intended should be municipal. They are carrying on services which are not properly a municipal responsibility.

The principal factor has been social and public welfare services. Originally, social services were considered a local responsibility, but that was before the growth of recent years. At the time of Confederation or even at the time that a system of local government was instituted in the various provinces, social services on today's scale were not envisoned. In recent years there has been an enormous growth in social services yet there has been little expansion in municipal taxing powers

Not An Adequate Tax Base

There is general agreement that real estate is neither an adequate nor suitable base for taxation to finance social services. Rather, real estate taxation should as far as possible be for the purpose of financing services which benefit property not persons.

Furthermore, real estate taxation at the present time violates certain fundamental principles. Cost of government should be paid out of national income and not out of national wealth. Yet, cost of municipal government, including social services, is in many instances being paid out of capital.

Then, again, the cost of social services is falling disproportionately on property owners. Not only do they pay a share through provincial and Dominion taxes, but they also pay a large share through municipal taxes. The tenant, on the other hand, pays little or nothing through municipal taxes. Taxes on the property which one leases are paid out of the rent, but if the rent provides little or no return on capital it is the property owner who is footing the bill. He pays higher taxes due to social services out of what would ordinarily be a return on his investment.

Real estate taxation, as at present constituted, also violates the principle of ability to pay. There is no relationship at present between ability to pay and real estate tax levies. In fact, most properties would be paying substantially lower taxes if ability to pay was taken into account.

Another factor which must be considered is the change in the form of wealth. At the time of Confederation, wealth was represented mainly by land. Consequently the chief source of taxation was real estate. However, times have changed. Wealth exists in other forms. Thus, real estate is discriminated against. Whereas many other forms of wealth are not taxed real estate is compelled to pay a large share of the burden of social services.

What are the proposals for solution of this problem?

Suggested solutions centre around responsibility for social services. In only a few cases has it been suggested the taxation powers of the municipalities should be enlarged. Rather, it has been proposed they should be relieved of the burden of social and welfare services.

Relief Should Be National

Many of the municipalities themselves would like to be relieved of all social services, including unemployment relief, care of indigents, hospitalization, and child welfare, etc. However, the principal suggestion is for the Dominion Government to assume the entire costs of unemployment relief.

Evidence is not lacking that the Rowell Commission will make such a recommendation. It has already been recommended by the Unemployment Commission.

Gen. Seafoods Deal on Again

Products of Plant in Newfoundland Will Enter U. S. Free

Establishment of a plant on the southwest coast of Newfoundland by General Seafoods Corp. for the processing of fresh fish now appears to be assured. Negotiations are proceeding between the Commission Government and the company with a view to finalizing the agreement entered into early this year.

Discussion regarding the proposed agreement has been suspended for the last six months, pending a ruling from the U. S. Department of Commerce as to whether products of the plant could enter the United States duty free. The customs authorities have now ruled that the products of the plant will be entitled to free entry into the U. S. as products of American fisheries.

Under treaty rights, U. S. enjoys fishing privileges off a section of the Newfoundland Coast, known as the American Shore. In the past, U. S. firms have shipped fish caught in this area, even though landed in Newfoundland, into the U. S. free of duty. There was some doubt, however, whether fish processed in Newfoundland would also enjoy free entry, but this matter has now been cleared up.

Concessions Given

The tentative agreement calls for establishment of a fresh fish processing plant in La Poile Bay on the southwest coast. The proposed plant is to have a cold storage capacity of two million pounds, and will employ about 250 persons when working at capacity. Cost of the plant up to $200,000 is to be borne by the Commission Government, and the unit leased to the company. Certain customs concessions have been granted to the company, and no state aid is to be given to any United States competitor for two years.

You may control your property and escape the burden of management

MANY persons of means — both large and small — desire to be freed from the tedious details of management and still retain control of their property.

Our "Agency Service" will accomplish this satisfactorily for clients.

Let us explain.

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50 Years' Service to Canadian Business

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Filing Systems and Office Equipment

THE OFFICE SPECIALTY MFG. CO. LIMITED

Home Office and Factories—NEWMARKET, Ont. Branches in principal Canadian cities.

More than 2 miles of Trucks ...and all INTERNATIONALS!

For almost 10 Years *National Biscuit Company* has Operated an Average of 1000 *International Trucks* in its Nation-Wide Delivery Service

Back in 1925 National Biscuit Company started buying International Trucks. By 1929 the National Biscuit organization owned a thousand. And the fleet has been maintained around that figure ever since by the purchase of an average of 200 new Internationals every year. Here's a testimonial on trucks written in simple figures and few words.

Lined up, bumper to bumper, these N. B. C. Internationals would make a parade over two miles long — a great fleet of great trucks in the service of a great organization.

These National Biscuit Company Internationals go everywhere, and *everywhere they go* they are ably and economically serviced by International's network of Branch Houses and Dealers.

This is one of innumerable examples of all-around *International* hauling satisfaction — an example significant to every owner of motor trucks in the country today.

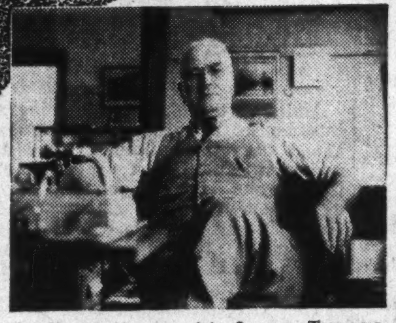
There is an International Branch or Dealer near you ready to show you the right truck for your work whether you operate a single truck or a fleet of a hundred or a thousand.

INTERNATIONAL HARVESTER COMPANY of CANADA, Ltd.
Hamilton Ontario
Truck Factory Located at Chatham, Ontario

INTERNATIONAL TRUCKS

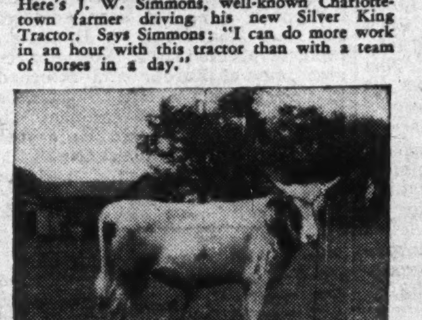
FAMILY HERALD & WEEKLY STAR

Gets results!

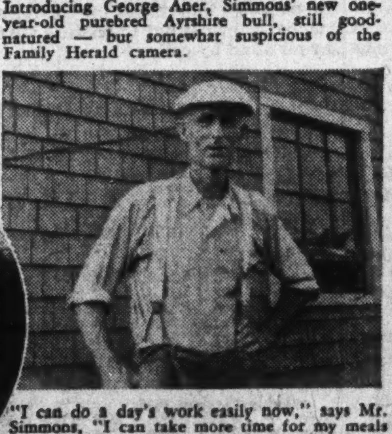


C. L. MacKay, genial Secretary-Treasurer, Bruce Stewart & Co., Ltd., Charlottetown, P.E.I. Believes in the advertising value of the Family Herald.

Here's J. W. Simmons, well-known Charlottetown farmer driving his new Silver King Tractor. Says Simmons: "I can do more work in an hour with this tractor than with a team of horses in a day."



Introducing George Aner, Simmons' new one-year-old purebred Ayrshire bull, still good-natured — but somewhat suspicious of the Family Herald camera.



"I can do a day's work easily now," says Mr. Simmons, "I can take more time for my meals . . . yes, I've still got the horses, but I can sell them any time." Trim and neat, the Simmons home is one among the 300,000 top-income Canadian farm homes where the Family Herald has become a lifetime reading habit since 1870.

. . . says Family Herald reader C. L. MacKay, secretary-treasurer, Bruce Stewart & Co., Ltd., agents for the John Goodison Thresher Co. (Silver King Tractors); Charlottetown, P.E.I.

"We have advertised in the Family Herald for a number of years and we are getting good results. In fact, I don't know where there's a better medium for the farm market than the Family Herald."

One day last Spring, Family Herald reader J. W. Simmons, Charlottetown, climbed aboard his new Silver King Tractor, purchased from C. L. MacKay. Hands long accustomed to reins felt the throb of power. Now Farmer Simmons, at 60, sees a new future for his farm, less work for himself.

The Family Herald is the unique connecting link between readers who are dealers and readers who are buyers. In the Family Herald they are on common ground, because its broad editorial policy attracts all interests in the farm market—as well as the whole farm family.

In this instance, farmer Simmons and secretary-treasurer MacKay have been Family Herald readers for years. Simmons' purchase of a Silver King Tractor from MacKay is but one among thousands of purchases throughout the Family Herald market, not just of tractors and farm machinery, but of consumers' goods of all kinds, from lipstick to cornflakes.

300,000 strong, the Family Herald audience has what it takes to adopt modern farming methods, to keep equipment up-to-date, to raise its standard of living — and to act upon *your* suggestions in the Family Herald. Don't just send in your visiting card. Plan a *real* advertising programme in our 52 issues for 1939. Remember, *there's a full house waiting and willing to bear your story* EVERY WEEK!

FAMILY HERALD & WEEKLY STAR
MONTREAL ESTABLISHED 1870

CANADA'S NATIONAL FARM MAGAZINE

Investment Trends

Disturbing News Shows Weakness in Markets

Position on the Sidelines Seems Only One to Allow Any Degree of Satisfaction—Support Fades on Latest Scare

This has been a strange stock market week. The universally discussed topic has been the likelihood of war in Europe. Nor has much happened to lessen possibility of war breaking out.

The market has apparently made no effort to sort out the possible effects of a war. If we can judge by precedent, then not all stocks are going to be harmed by the outbreak of war, at least not after the first period of confusion. Even more should it be true that many commodities, such as wheat, metals, cotton and rubber, would find a tremendously accelerated demand. In spite of this, commodity prices have shown practically no tendency to strengthen. An outstanding example of a contrary tendency has been the steady downward drift of wheat prices, only arrested, perhaps temporarily, Tuesday afternoon. Incidentally this brings with it a serious problem for the Dominion Government with its 80-cent minimum price.

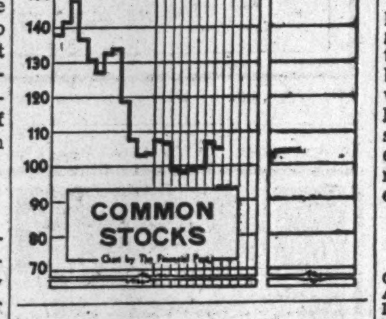
Perhaps the one example of a market that is following a seemingly traditional path in forecasting a possible outbreak of trouble is sterling exchange.

Altogether it appeared that, at least until Tuesday afternoon, the stock markets were betting that an immediate war was not to be feared. True, the almost panic selling that broke out on Tuesday following the outbreak of disorders in the Sudeten German districts of Czechoslovakia showed that investor confidence would not resist any very strong scares. At any rate, stock market action seems to make clear that any rally will only be short lived until Europe arrives at some more nearly permanent solution of its troubles. Conditions hardly appear appropriate for the average investor to extend his stock holdings, and the sidelines are a pretty comfortable place to be sitting.

War Profits Outlawed?

Perhaps the reluctance of the investor to attempt to pick "war babies" in the stock markets is not without justification. For there is little reason to assume that the huge scale war profiteering from 1914 to 1918 will occur again. It is true that emergencies require drastic measures and that there would be immediate need for war materials of many kinds without delay and in huge quantities.

* * *



Regulation of Trade

The September letter of the Canadian Bank of Commerce has something to say regarding the tendency for many countries to regulate their trade in foodstuffs and particularly to protect and encourage home producers. As might be expected this has hit hardest the newer settled areas which have largely specialized in production of primary products. Canada's wheat trade, which supplies 21.1% of total national exports is a case in point although this dependence on one industry is much less pronounced in this country than in some others.

In its early days this reorientation of world trade which followed struck a paralyzing blow at Canada's wheat export trade. Perhaps it may have been a factor in the rapid growth and development of our forestry, mining and manufacturing industries until these now give a highly desirable diversification in foreign trade. But concludes the bank, "With so large a proportion of our production depending on the export trade for a market, the welfare of this country will continue to be acutely sensitive to world conditions, but the attaining of a more diversified output should induce a more uniform prosperity than has been our lot in the past."

* * *

More Share Indices

The Stock Exchange in Sydney, Australia, has just compiled its first index of share prices. This index indicates that average share prices in Sydney have declined by about 12½% since March, 1937. The new index is based on ordinary shares of pastoral companies, retail stores and industrial concerns.

Results of 79 Australian companies, whose annual reports were issued during the six months ended March 30, 1938, showed aggregate net profits of 3,989,000 Australian pounds in the 1937-38 year, as compared with 3,296,000 pounds in the preceding year, and 2,668,000 pounds three years ago. Average rate earned on shareholders' capital was 6.85% compared with 5.84% and 5.07% respectively. These Australian companies paid dividends of 5.70% in the latest period compared with 4.90% and 4.42%. Mining and metal companies yielded the highest rate of profit, followed by retail trade and hotels. Financial companies showed the lowest net return.

Confusion in Dates

The New York Stock Exchange inaugurated on September 1 a system whereby transactions in stock are to be settled on Tuesdays and Fridays in each week. Transactions of Monday, Tuesday and Wednesday are to be settled by actual delivery of stocks through the clearing house on the following Friday. Thursday, Friday and Saturday's transactions must be settled on Tuesday.

In itself this might not affect many Canadian investors or brokers if it were not for the numerous stocks listed in both countries. Exdividend dates will frequently not be the same in Toronto or Montreal and New York. Unless a holiday intervenes, all ex-dividend dates in New York will be either Monday or Thursday. In Toronto or Montreal they may still be any day. Some confusion is very likely to occur, at least until the actual workings of the new semi-weekly settlement days become better understood.

Pressed Metals Gets New Business

No Statement Ready Regarding Future Financing

Pressed Metals of America, Inc., expects to run at full normal production based on 1939 model motor car production being about 60% of 1937, according to J. W. Leighton, president.

One reason for this is that one of the largest producers has placed orders with Pressed Metals for 14 pieces per car and two other large users have adopted 18 parts per car. The first order is entirely new and does not replace any parts formerly supplied but in the other two they replace 12 parts formerly supplied by Pressed Metals. In the balance of the field, Mr. Leighton states that the gain of parts about offsets the loss.

Sales in Line

Sales for the first eight months have been in line with average sales of the motor industry. Old models were cleaned up in July, which month was the low point in the year's sales. Since then sales have been gradually increasing and the company hopes to reach its normal rate before the end of September.

The period of low production during the early part of the year was utilized to good advantage in making changes to plant and equipment which would have been difficult to accomplish during high production periods.

When asked about reports current that the company had obtained a loan from the Reconstruction Finance Corp., Mr. Leighton states: "We have not as yet obtained a loan other than from our bank and are not prepared at this time to give information as to our future financing."

Value of Securities Declines at Montreal

From Our Own Correspondent

MONTREAL.— Securities listed and traded on the Montreal Stock Exchange and the Montreal Curb Market had a total value of $7,166,583,023 at the end of August. This is a decrease of $175,513,468 from the previous months and a decrease of $934,076,561 from a year ago.

Automobile accessories, banks and financial companies and government bonds were the only classifications not to record declines during the month. The sharpest loss was recorded by the agricultural implement and transportation groups which dropped 16.9% and 15.5% respectively.

Excluding bonds, stocks listed had a value of $5,021,611,212, a drop of $174,107,895. At the end of August, 1937, the corresponding figure was $6,203,270,964. The ratio of brokers' loans to the value of all stocks listed was 0.33, up 0.02 from the previous month.

Trail Smelter Receipts

Ore receipts at the Trail smelter of Consolidated Mining and Smelting Co., amounted to 12,838 tons from Sept. 1 to 7th, inclusive. In the total was included 1,475 tons of ore from other than company mines. Receipts at the smelter from the beginning of the year up to Sept. 7 amounted to 432,546 tons.

NESBITT, THOMSON & COMPANY, LIMITED
355 St. James Street West, Montreal
Branches in the principal cities of Canada

Alta. Pacific Reduces Loss

Working Capital Recorded Improvement in Year Ended June 30

From Our Own Correspondent

MONTREAL.—Alberta Pacific Grain Co. reports a more favorable showing for the year ended June 30 last, operating profit amounting to $308,686, compared with $261,300 in the previous year. After providing for bond interest, depreciation and other charges there was a loss of $50,800 on the year's operations. In the year ended June 30, 1937, there was a loss of $134,504.

Accounting for about $110,000 of the improvement is the inclusion in the year's income of $36,586 being the unused portion of the provision made June 30, 1937, for moving and re-erecting elevators and renewals. A year ago the company set aside $74,609 for this account. If these two items had been charged to surplus last year's loss would have been $59,895 and this year's $87,386.

Working capital shows an improvement of $83,986 to $750,701.

As was expected, the company's terminal elevators at Vancouver had to face difficult conditions during the 1937-38 fiscal year, on account of the reduction in supplies coupled with high freight rates on the Pacific. Total receipts of grain at Vancouver last season were only 11.6 million bushels, compared to average annual receipts of 59.6 milmillion bushels, compared with five years. As a result the company incurred a substantial loss to its terminal operations at Vancouver.

H. E. Sellers, president, states properties have been maintained in good operating repair. However, due to changing market conditions brought about by improved highways and the use of larger trucks for hauling grain to elevators, further substantial amounts for country elevator renewals and installation of more modern equipment should be expended in the next few years.

Income and Surplus Account Years Ended June 30

	1938 $	1937 $
Oper. profit	308,686	261,300
Add: Inc. from invest.	19,041	96,430
Less: Directors' fees	1,250	1,250
Exec. sals. & legal fees	41,756	27,342
Prov. for bad debts	......	10,000
Net earnings	285,721	319,138
Less: Depreciation	208,786	208,359
Bond interest	163,681	161,977
Elev. moving res.▲	......	74,609
Prov. for inc. taxes	......	10,000
Add: Profit of subsid.	360	1,303
Unused elev. res.‡	36,586	......
Deficit for year	50,800	134,504
Add: Prev. surplus	216,754	351,258
Balance forward	165,954	216,954

▲Provision for moving and re-erecting elevators and renewals.

‡Unused portion of provision made June 30, 1937, for moving and re-erecting elevators.

Working Capital

	1938 $	1937 $
Current assets	1,039,027	1,106,102
Current liabilities	288,326	439,387
Working capital	750,701	666,715

Tariff Action Faces Textiles

Adjustment Expected in Pending Trade Treaty With United States

Added to the hazards of ordinary business in the months immediately ahead the textile industry is also facing possibility of government tariff action. In the impending trade agreement between Canada and United States there is considerable expectation of lower duties on American textiles, particularly manufactured cottons.

The Turgeon Commission paved the way for tariff actions by the King Government and this undoubtedly would have appeared in last spring's budget had not the trade negotiations been under way. To have made free concession to the Americans at that time, of course, would have weakened Canada's bargaining powers at Washington.

Just what particular tariff items will be touched and to what extent are closely guarded secrets there has been no recent inkling from Ottawa. It is believed, however, that revision will not be as drastic as low tariff western Liberals have been advocating but may be disturbing enough to the high tariff group in eastern Canada.

When the agreement will be announced is another matter on which the public have not been advised. The fact that Hon. W. D. Euler, minister of Trade, cut short his recent tour of Europe and returned to Ottawa last week, however, is considered significant. The pact will probably become operative at the expiration of the present Canadian-U. S. agreement next Jan. 1, or shortly afterwards.

Redeems Shares

Toronto Elevators Ltd. has advised the Toronto Stock Exchange that 50 shares of 5¼% preferred stock had been redeemed and cancelled, reducing outstanding stock from 30,000 shares to 29,950. This stock is redeemable at any time as a whole or in part by purchase in the open market at prices not exceeding $52.50 a share and by call.

Market Opinions

With stock markets continuing extremely inactive and the threat of war still hanging over the world, commentators have little alternative this week but to continue non-committal.

Brookmire Bulletins, New York—"Although market action remained indeterminate, it took on a somewhat more bearish tinge, under the influence of continued international unsettlement. Thus the situation remains one of vulnerability to a normal corrective reaction. On the other hand, sentiment recently has shown ability to reverse quickly, and prospective continuance of business gains, plus the longer-term uptrend, provide a basis, given favorable news developments, for a further considerable rise. Therefore, a policy of longer-term optimism with temporary caution should be continued, embodied in (1) maintaining present positions, and (2) withholding new cash from investment."

* * *

Barron's New York (The Trader)—"If the market, then, is preoccupied solely with domestic considerations, it may be argued that it has made no progress for almost two months and consequently, it is open to the suspicion of having recovered merely by virtue of an exceptionally strong technical position plus an abnormal money ease that acts as a constant deterrent to liquidation. On the other hand, there is no gainsaying the fact that business has recovered substantially since the beginning on June 20 of the surprisingly sharp summer rise.

* * *

"Much may depend for heavy goods and, by the same token, for the stock market, on the well known intangible factor of 'sentiment.' In that connection not to be overlooked is the unqualified defeat of the administration 'purging' programme, with its implication of a more conservative and independent Congress likely to deal in its own fashion with radical New Deal legislative proposals. Also bearing on the possible resurrection of capitalistic confidence, to be added to the favorable political omens, are the well founded impressions that Washington has no desire to unsettle the stock market and the impossibility of arriving at conclusions from the monopoly investigation before next year."

* * *

The Economist, London (Sept. 3)—"While the political clouds gathered during the first three weeks of August, the security markets commendably pursued their stoical course—if 'course' is the right word to apply to a condition of subnormal dealings and slight, though declining, movements in prices. When, at the beginning of this week, it was feared that the storm might break, the market inevitably showed signs of greater nervousness. Yet it remained characteristic of the London market, at least, that the investor refused to indulge in panic. Perhaps his experience after March 11 and May 21, when the market was able to overcome the consequences of acute political tension, has provided some hope on the latest occasion. Perhaps the apparent improvement toward the middle of this week corrected any incipient selling pressure which might otherwise have gathered to harass a market in no mood to take stock. And perhaps the 'bears'—who at this juncture are no less nervous than the general investor—have themselves provided the right degree of technical strength to carry the market past the first impact of the latest crisis. All investors, however, would agree that the end of the month has provided no more than a breathing space. The market, having fallen less severely than during the critical days of March and May, has greater reason for self-congratulation, but perhaps less reason for expecting any appreciable degree of recovery in the immediate future. To anticipate the Nuremberg Parteitag as a bull point for the market would obviously be irrational."

* * *

The Annalist, New York—"The thinness of the market which has been characteristic of the last several weeks is due at least in part to the still very unsettled European situation as well as to widely advertised political campaigns in various sections of this country. Because, there is little reason for expecting either of these conditions to disappear immediately, however, it is not unreasonable to believe that a strong improvement in business would be required to produce a sustained increase of interest in the stock market.

"In such a situation as now confronts the investor trading is likely to remain at a rather low level and price fluctuations are likely to be wide relative to the turnover. The situation is obviously one in which the market could respond sharply either to favorable or unfavorable news."

* * *

The Stock Exchange Gazette, London (Sept. 3)—"There has been for several weeks now no doubt as to the gravity of the causes for anxiety in regard to the problem of Czechoslovakia, and it says something for the phlegm of the City of London that markets, although for the most part idle, have on the whole, maintained a distinctly hopeful and cheerful appearance, so that the condition recorded by events here merely indicates that the majority of investors are standing still. In that respect the position is not radically changed from that which has dominated the Stock Exchange now for some 16 months. In the particular European International problem of the moment, perhaps the most alarming thing is that some of the propagandist methods carried on on behalf of a party to negotiations do in fact increase the difficulties enormously in regard to the prospect of reaching an enduring compromise. The average Briton has little experience of such methods in regard to his own national affairs and it may be therefore that he overvalues the danger which they seem to import. It is generally held that the acceptance of Lord Runciman's services to attempt the part of mediator in this matter was a sagacious step in the interests of peace. The most disquieting factor is that Germany should go to the enormous expense of mobilization with the threatening announcement that manoeuvres are to last over two months."

* * *

Magazine of Wall Street, New York—"Over the near term, therefore, the market is confronted with uncertainty as to the scope of business gains during the closing months of the year, with uncertainty as to European developments and with uncertainty as to our Congressional election. We doubt that this is the setting for a near-by dynamic extension of the bull movement.

"No doubt good stocks purchased at present levels can reasonably be expected to show substantial appreciation in time. Barring major European war—which would be a temporary shock and thereafter a highly inflationary reality — the longer term business outlook in this country seems to us decidedly hopeful for reasons we have previously advanced, including heavy Government pump priming in the months ahead, the encouraging recovery in private new capital financing, the rising curve of national income payments from a depression low less than 12% under the 1937 peak and the somewhat more hopeful political trend now indicated. The only question is whether the longer term purchaser may not get a moderately more favorable buying level by waiting awhile. In our opinion, he probably will."

Upper Seine Reports Ore Picture Improved

Development at Upper Seine Gold Mines has resulted in considerable ore additions, the company reports. Directors previously estimated that a profit of $3 to $4 per ton would be made on the proposed output of 50 tons daily. Now, in view of the improvement in ore tonnage and grade, William N. McClintock, resident engineer, has revised this estimate to $5 to $7 per ton. An increase in the initial milling capacity to 70 tons daily is recommended.

Drifting at the third level has opened up a length of 157 ft. of ore averaging over $16 per ton.

Alberta Seeks Refunding Plan

(Continued from page 1)

whole province in one big blanket policy to be placed with Lloyds of London, England; and collective buying of automobiles, trucks, farm machinery, etc., for the Alberta trade.

"All I want to do," the memorandum continued, "is to be allowed to be able to transact business in this province at my own expense and through my own connections so as to bring in big money; to give to the people, you and your colleagues represent, 40% equity in every business launched by me or my company, and of the equity the company may own in others.

"I want to be able to afford some credit facilities to your farmers at interest rates of around 1% and certainly at less than 2% per annum. The benefit of my knowledge and experience is yours gratis, whether it be in regard to co-operative buying or to anything else."

During the past three months the Government is reported to have bought in some Alberta bonds. The amount mentioned is $140,000 at prices ranging from 51 to 60%.

Recently Alberta bonds have risen after a long period of low quotations, following defaults which began in 1936, after which Alberta bonds were delisted in New York and London. Since the failure of Social Credit to make inroads in Saskatchewan last June, Alberta bonds have risen 10 to 15 points.

An interim financial statement from the Alberta treasury, for the first three months of the current fiscal year, that is, to June 30 last, showed an improved cash position for the province by virtue of its continued refusal to meet its debt payments. For the three months, provincial revenues were $7,123,000, or $406,491 higher than the same period in 1937.

At the same time, expenditures were $5,563,000, or $217,047 higher than 1937, despite a reduction of $314,210 in unemployment relief. Cash on hand at June 30 was $1,360,874.

Farm Implement Sales are Helped

(Continued from page 1)

farm tractor. Equipped with electric starter and with a six-cylinder Chrysler made engine, this tractor is a two-plow size selling at a somewhat lower price than other Massey-Harris tractors. This model has been introduced on a small scale this year but much is hoped for from it next year.

Another example is the new smaller combine harvester thresher in six foot size. This machine sells for around $775 compared with the $925 price tag on the eight foot combine which had been the smallest size up to this year. This contrasts with an approximate cost of $2,400 for the combines sold seven or eight years ago and the modern eight foot machine has a larger capacity.

These changes in design, which are being made generally by all implement manufacturers, appear likely to enlarge the total potential market for their machines. The smaller tractors and other machines are practicable for use on other than the large western farms and success is claimed for the new combine models in Ontario. In addition to reaching a new and larger market, they have a definite effect on reducing the costs of producing a bushel of wheat.

Rumors have been current that some reductions in farm implement prices on 1939 Models were likely, particularly in the United States. Massey-Harris officials decline to comment on this feature but point out that any reduction in manufacturing costs has been small. It is true that steel prices are lower, as are some other materials, but labor and taxes are at least as high as a year ago. It appears, however, that a final decision on prices for next year has not yet been made.

Export markets are termed "spotty" by Massey-Harris officials. Crop prospects in the Argentine, one of the larger importers, are still uncertain and actual sales will depend on the crop and prices. In England and New Zealand, business has been definitely less satisfactory than a year ago but elsewhere it has held up fairly well. The uncertainty that has prevailed in international political circles has made itself felt on Massey-Harris which does a world wide business.

Beauharnois Light, Heat and Power Company

5% Second Mortgage Bonds

Due January 1st, 1978

Denominations: $1,000, $500 and $100.

Price: 87.50 and interest, yielding over 5.75%

Beauharnois Light, Heat and Power Company, a subsidiary of Montreal Light, Heat and Power Consolidated, is one of the most important public utility enterprises in Canada.

Located about twenty-five miles west of Montreal, the Company's hydro-electric generating plant, with a present installed capacity of 400,000 horse-power, is strategically situated to serve the large consuming areas of the Province of Ontario and the Province of Quebec.

Descriptive memorandum forwarded upon request.

Wood, Gundy & Company Limited

Toronto Winnipeg
Montreal Ottawa Vancouver
London, Eng. Hamilton London, Ont.

Cockshutt-Frost & Wood Makes Executive Change

Executive changes announced by Cockshutt Plow Co. include the appointment of W. J. Phillips, formerly comptroller and assistant to the president, as general manager of Cockshutt Plow and Frost & Wood subsidiary companies. In taking over this new position, Mr. Phillips will be assuming a part of the duties of J. E. Ruby who has been president and general manager of Frost & Wood Co., wholly-owned subsidiary of Cockshutt Plow Co. Mr. Ruby, who has been with the company for 50 years, remains as president of Frost & Wood, an office he has held since 1936.

W. A. Cockshutt, who has had extensive experience in western Canada and has been at Smiths Falls since 1936, becomes manager of the Smiths Falls plant.

Consolidated Theatres Rents Loew's Theatre

From Our Own Correspondent

MONTREAL.—Mansfield Theatre Co. Ltd. has leased its Montreal property known as Loew's Theatre to Consolidated Theatres Ltd., subsidiary of Famous Players Canadian Corp. Term of the lease is for five years from Sept. 1, 1938, with an annual rental of $52,000.

The theatre is being renovated at the expense of Famous Players Canadian Corp. and will reopen toward the end of September.

Explosives in Industry— and Investment

CANADA'S peace time demand for explosives grows daily. Development of its far-flung mining fields, supplemented by the Dominion-wide roads building program of every province, are but two of the major factors in the ever-increasing use of industrially applied high explosives.

Until 1923, part of the Canadian demand for Industrial Explosives was provided by Dominion Explosives Limited. First in a five ton and later in a ten ton plant at Sand Point, Ontario, this firm manufactured, under special formulae, and sold to the public explosives under the trade name: "Dominite", "Submarine", "Blaster's Friend", "Contractor's Special" and "Mine Captain".

Those special formulae and processes which made "Dominite", and its sister products, unique among explosives by their exclusive properties and actions, have been purchased by and are now the property of Dominion Explosives Products Limited. The new plant and manufacturing will be under the direct supervision of Mr. John Lumsden, now managing director of Dominion Explosives Products Limited, who controlled the old Dominion Explosives Limited of former days.

Equally as efficient as any type of explosive in general use, yet easier and safer to handle, Dominite has a tremendous advantage in the fact that it is non-freezing. Its distinctive features — fumeless and smokeless — give it — and other Dominion Explosives Products powders—added value in underground workings of Canada's mines, which constitute one of the largest of industrial demands for high explosives at the present time.

Dominite's popularity and its safety have been attested by former users. Since those days, the aerial exploration of new mineral "finds" and the air-borne transport systems of modern Canadian mining represents a freighting condition where the safety factors of Dominite handling are destined to play an important role in the demand for this special type of explosive.

Development of Canada's mineral wealth and the opening up of its vast resources and territories, first by the Iron Horse and now by the network of improved highways, would have been impossible without high explosives. Dominite will make this further progress easier and safer.

Every step in the production of explosives by the Dominion Explosives Products Limited will be under the strictest supervision and control of the Dominion Government.

On other than PEACE TIME requirements, no comment is necessary except to say that the affairs of the Company and its plants will be so conducted that it can rise to the occasion should an EMERGENCY occur.

Due to modern science, the safety factor, which has always been paramount in Dominion Explosives has been carried further in the improved Lumsden methods and processes of production.

IT WILL BE THE OBJECT OF THIS COMPANY TO TAKE ADVANTAGE OF ALL OPPORTUNITIES IN THE INTEREST OF ITS SHAREHOLDERS

"Tamed" in the process, as no other high explosive of commercial type has ever been, Dominite is in a class by itself. Its economy and safety in use are not its only claims to superiority over the types of explosives being currently used. When it was manufactured and used in Canada before, it was popular with contractors, road builders, miners and in general industrial and agricultural use because of its high efficiency.

By every rigid test to which it has been subjected, Dominite demonstrates the fact that it can be as readily, as safely and as easily transported and handled as gasoline. Because it is non-freezing, it can be transported in any and all kinds of weather; stored in any type of "magazine" with absolute safety. There is no danger from concussion, fire or unexpected explosion. It can be exploded only by detonation.

That "safety first" which is uppermost in the development of Dominion Explosives Products Limited, from the manufacturing angle and which is carried to the last possible degree in the finished product, also applies to its investment possibilities.

In the setting up financial structure of the new Company, special consideration has been accorded the status of Preference Shareholders. While they (not having had the experience in manufacturing and marketing of explosives) have not stock control, they nevertheless have been taken care of through the preferences and priorities as follows:

1. Their stock has voting power.
2. Priority over the common of 60c per share in dividends.
3. In addition to the 60c per share, participation share for share with the common shares in any dividends declared or paid in excess of the preference dividend of 6%.
4. The shares are non-callable, so that the managing-director, who owns the common shares, must make the Company pay not only the 6% preference but additional earnings before he can hope to get any dividends on his common shares, which of course will mean extra earnings for the preference shareholders in excess of the regular 6% dividends.

To provide the necessary equipment for a plant capacity of 18,000 tons annually, specifications call for: Land, $15,000.00; Buildings, $203,500.00; Machinery, Tools, etc., $114,000.00; Total, $332,500.00.

From information gathered during two years extensive survey of the explosive field and markets in general, we have come to the conclusion that the demand for explosives is of such magnitude as to warrant another company entering this field and that the present outlook offers an attractive opportunity for a plant of this kind.

FOR INFORMATION
H. R. CORY & CO.
TRENTON, ONT.
TELEPHONE 268 TRENTON

Significant Investors' Index Numbers

1926 = 100

	Mach. and equip.	Pulp and paper	Milling	Oils	Textiles and clothing	Food and allied prod.	Beverages	Bldg. mater.	Power and traction	Banks	Total utilities	Total co's.
No. of Securities	8	7	3	4	10	12	7	15	15	8	19	95
1929-37:*												
High	432.5	113.4	273.4	423.5	113.5	197.8	204.6	281.1	197.6	131.7	166.0	198.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1938:												
Jan.	109.6	18.9	87.2	194.9	64.3	158.7	116.1	138.4	64.4	84.3	48.7	107.7
Feb.	109.3	17.5	88.9	195.2	64.8	159.9	115.0	131.4	63.1	81.8	46.8	107.1
Mar.	100.7	14.6	76.5	181.2	60.3	152.0	101.3	116.0	58.2	80.5	43.1	99.2
Apr.	103.2	15.4	75.6	172.0	55.0	151.5	106.0	119.4	59.7	80.4	43.7	97.9
May	107.2	15.7	85.8	177.2	54.5	153.6	107.5	122.5	61.0	80.9	44.5	99.7
June	111.8	18.6	84.8	170.0	54.1	156.2	109.2	129.8	61.2	81.0	45.1	100.0
July	129.2	23.1	88.6	177.8	59.4	167.9	120.5	142.6	66.4	84.9	48.6	106.9
Aug.	130.1	21.0	88.3	176.7	59.0	168.5	122.1	139.3	64.3	85.0	47.1	105.2
Weekly Figures, 1938:												
Sept. 1	128.5	19.5	86.2	175.0	58.3	167.8	120.2	132.9	62.4	85.1	45.8	103.1
Sept. 8	132.2	20.0	83.6	175.6	58.5	166.9	120.5	133.0	62.0	85.7	45.7	104.2

*High and low for years from 1929 to 1937 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	10 B.M.	15 W.O.
Sept. 13	110.28	121.51	83.01	29.00
Sept. 12	115.35	117.96	87.56	29.74
Sept. 10	116.20	117.31	8[illegible].75	29.76
Sept. 9	116.56	119.92	87.60	30.63
Sept. 8	119.06	121.85	90.11	31.30
Sept. 7	120.21	122.98	91.26	31.89
Month ago	119.86	124.90	92.48	33.63
Year ago	141.78	107.52	89.26	34.04
High, 1938	126.85	127.19	97.95	50.85
Low, 1938	97.66	102.06	64.47	29.20

Montreal Stock Exchange Averages

	10 Util.	20 Indus.	30 Comb'd	15 Golds
Sept. 13	62.2	72.3	68.9	122.76
Sept. 12	63.8	76.7	72.4	123.50
Sept. 10	64.1	77.5	73.0	124.64
Sept. 9	64.8	78.6	74.0	126.03
Sept. 8	65.0	80.9	75.6	127.93
Sept. 7	65.6	82.5	76.9	128.75
Month ago	68.0	82.6	77.7	128.38
Year ago	74.2	91.3	85.6	103.71
High, 1938	69.3	88.2	81.4	130.77
Low, 1938	59.1	61.1	60.5	103.06

Bond Markets

Canadian Bond Prices Slide on War Fears

Apprehension Grips Markets as Relations Between Germany and Czechoslovakia Crack Wide Open

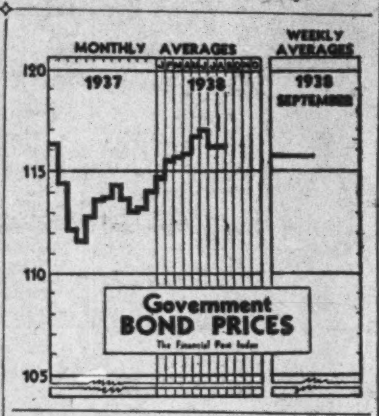
Market sentiment, harrassed by months of international crises, broke down Tuesday afternoon on news from Czechoslovakia.

Hardest hit of bonds were naturally the more speculative type of issues, but highest grade obligations softened, with virtually no buyers in the market to stem the decline.

Whatever is the outcome of the present impasse, the uncertainty is acting as an almost insuperable barrier to normal trading on the markets.

During the past week there has been a gradual softening of bond prices in anticipation of the Nuremberg pronouncement which was supposed to have marked the crossroads for security markets. The climax rather than clearing up the situation has only prolonged the period of anxiety.

The market has proved its eagerness to react on the slightest favorable news, and given any opportunity would doubtless bound up to levels which the present business outlook warrants.



* * *

Colombia Bonds

A bill in the Colombian Congress, creating a commission to advise the Government in negotiations of its defaulted external debt has passed the first hearing and is now in committee, according to advices from Bogota to Lawrence E. de S. Hoover, executive secretary of the Bondholders' Committee for Republic of Colombia dollar bonds.

This is similar to the action taken by the Government of Cuba in settling the debt situation, and provides for a committee consisting of two members of the House of Representatives and two selected by the administration.

When the commission is organized it will be empowered to come to New York to negotiate a settlement.

There is a limited interest in Canada of Colombia external bonds.

* * *

Manitoba Surplus

While the Manitoba Treasury reports a surplus of $505,189 for the year ended April 30, it must be borne in mind that if the entire cost of relief had been taken out of revenue, a deficit of $1.8 million would have resulted. Relief charges to the amount of $1.4 were deducted from current revenue and the remainder, $2.3 was capitalized.

In view of this province's relief problems the showing is highly creditable. A searchlight is being thrown upon relief situation in Winnipeg by an extensive probe, at the present time. When the final summary of conditions in the western city is presented it should contain valuable information, and indicate in what light municipal authorities hold the funding of relief expenditures.

* * *

Bond Index

Average Price and Yield for Seven High-Grade Government Bonds

1938	Price $	Yield %	1938	Price $	Yield %
Sept. 13	115.29	2.970	Sept. 13	113.89	3.257
Sept. 12	115.54	2.936	Sept. 11	113.93	3.253
Sept. 11	115.68	2.924	Sept. 10	113.89	3.256
Sept. 9	115.77	2.914	Sept. 9	114.07	3.236
Sept. 8	115.95	2.896	Sept. 8	114.18	3.229
Sept. 7	115.93	2.900	Sept. 7	114.34	3.206
Year's	117.21	2.783	Year's	116.81	3.026
Range	114.21	3.147	Range	111.60	3.505

Bond Tenders

12 noon, Sept. 14, Canada Treasury Bills—$25,000,000, dated Sept. 15, due Dec. 15, 1938.

6 p.m., Oct. 3, Saint-Hyacinthe—$248,000, 3½%, dated Nov. 1, 1937 and Feb. 1, 1938, redeemable serially in 30 years. M. A. David, clerk.

4 p.m., Oct. 4, La Tuque, P.Q.—$18,000, 4½%, dated Aug. 1, 1938, due serially from Aug. 1, 1939 to Aug. 1, 1948; $13,500, 4½%, dated Oct. 1, 1938, due serially from Oct. 1, 1939 to Oct. 1, 1943. P. E. Riberdy, sec.-treas.

Dealers in High Grade Securities

Government
Municipal
Public Utility
and
Industrial Securities

HANSON BROS.
INCORPORATED
Established 1883
255 St. James St. W.
MONTREAL
OTTAWA TORONTO

ASBESTOS

Our 1936 memorandum on leading company in a basic Canadian industry has been revised to include new data. Copy on request.

Ask for Analysis P23

Greenshields & Co
Members Montreal Stock Exchange
Montreal Curb Market
507 Place d'Armes, Montreal
TORONTO OTTAWA QUEBEC
SHERBROOKE
135

Classified Advertisements

Classified ads. cost 4c. per word and figure for each insertion. Minimum ad., $1.75. Three insertions for the price of two. Add five words when box number is required. Classified ads. payable in advance.

All Round Executive Available

AGE 39 — OVER TWENTY YEARS major responsibilities. Capable in administration, merchandising, accounting, advertising, sales, production, organization and promotion. Complete presentation will be sent interested employers preliminary to personal interview. Box 17, The Financial Post, Toronto.

Englishman, Creative Writer

STUDENT PSYCHOLOGY AND ADVANCED PHILOSOPHY, adept in metaphysics and related sciences, twenty-five years experience Dominion, and abroad, desires position major responsibilities, agent, representative, secretarial or other capacity. Wide experience plantation management, dredging, mining, and oil companies, marine transportation and radio communication, fur trade agencies, fur ranching. Experienced accountancy and secretarial work. Positive service essential. Box 15, The Financial Post, Toronto, Ont.

Eager for Work

MAN, 24, WANTS POSITION WITH good Firm or Corporation; size of salary less important than chance to make a success. Trained in shorthand, typing and bookkeeping, experienced in filing system, collections, and management of a service station. Knowledge of automobile business, including considerable mechanical experience. Willing to tackle part salesmanship on salary and commission basis. References furnished as to ability and character. Lloyd Walker, Ki. 7236, 40 Balmoral Ave., Toronto.

Opportunity Wanted

AMBITIOUS, CAPABLE YOUNG MAN seeks position. Eight years with one company. Experienced in purchase, sales and stock records and control, inventories, payrolls, costs and internal auditing. Considers the opportunity for increased knowledge and experience of more importance than the initial position. Excellent character, education, references. Box 82, The Financial Post, Toronto, Ont.

What's What In Advertising

By JEAN R. GEMMELL

Sherman J. Ellis, president of Sherman J. Ellis & Co., advertising agency, with offices in Toronto and U. S. cities and Harry C. Hatch, chairman of the board of Hiram Walker-Gooderham & Worts Ltd., Walkerville have sailed for Scotland to attend the opening of the new Hiram Walker distillery in Dunbarton, Scotland, on Sept. 15.

* * *

Ronson Lighters, a product of Dominion Art Metal Works are again advertising in Canadian magazines. Advertising is handled through John K. Kane & Co., New York.

* * *

Wiss Shears are once more being advertised in Canada, having been absent from Canadian media for several years. Samuel C. Croot, New York releases copy.

* * *

R. A. Stapells, vice-president of J. J. Gibbons Ltd., and a director of the Canadian National Exhibition, has been elected president of the Canadian Automobile Association for the fifth consecutive year.

* * *

The Montreal office of the J. Walter Thompson Co. has been appointed to handle the advertising of Dominion Stores Ltd., grocery chain, Toronto.

* * *

After three and one half years in spot transcription broadcasting, in which it became the largest user of this medium, Chevrolet division of General Motors will quit this field Aug. 31, according to the New York Sun. No indications have been made as to when it might resume. Currently it was said, Chevrolet is broadcasting its "Musical Moments" discs series three times a week over 200 stations. The number of stations used by Chevrolet, in co-operation with dealers, has been as high as 400. At top, the expenditure for time alone for its programme has been about $1,000,000 a year and talent has added $250,000, a year more. Chevrolet's most recent network programme, featuring Rubinoff, violinist, ended last winter.

* * *

Park and Tilford, New York, have been named sole distributors in the United States and Canada for Cashay, it was announced by Henry C. Bernard, president. Charles M. Storm Company, Incorporated, New York, has been appointed to handle the advertising. Distribution of the product is now being effected in drug, department and variety stores.

C.P.R. Derives Oil Royalties

Income from Lands in Turner Valley Shows Good Increase

From Our Own Correspondent

MONTREAL.—Royalty income of the Canadian Pacific Railway from its properties in the Turner Valley has increased as a result of the oil development that has taken place there.

No information is available as to the actual holdings of the C.P.R. in Turner Valley, but it is known it has a substantial acreage. However, its holdings are not as large as those of such companies as the Calgary & Edmonton Corp.

In addition to the land which it actually owns, the C.P.R. has mineral rights on a considerable acreage. Since 1911 it has been the policy of the company to retain mineral rights on lands sold. This policy has not been entirely rigid and in some cases only rights on coal have been retained.

Holds Royalty Rights

At the end of 1932 the company held royalty rights on coal in three million acres in Alberta, royalty rights on natural gas in 100,000 acres and royalty rights in petroleum in 445,000 acres. In addition, it held over two million acres of land in Alberta, part of which has since been sold.

As a result of the bigger crop reaped in western Canada, operations of the C.P.R.'s land department should show better results in the current year. In 1937 both sales and collections were somewhat better than in 1936. In fact, for the first time since 1929 cash receipts from lands, including interest on deferred payments, exceeded land expenditures including taxes, irrigation, immigration and colonization, and interest on note certificates.

Hedley Amalgam. In 3 Ventures

New Interests Comprise Two Lode and Placer Proposition

Hedley Amalgamated is carrying on operations at three different properties at the present time.

Large expenditures are being made at the Jessie Victoria and Daylight groups near Nelson, and the Hedley mining plant is now being moved in. Camps have been completed and the management expects shipments of ore to commence within a few months. Before shipments are made, it will be necessary to drive a tunnel 100 ft. lower than the present workings. This work will be on the Jessie-Victoria group with the Daylight believed to carry the extension of the ore.

At the Torquart group, Barclay Sound, a tunnel has been driven 70 ft., with a crew of 5 men. Values are stated to correspond with the surface showing which was stated to have a length of about 300 ft. averaging one ounce per ton across a width of one foot.

Tests of values which are being made at the property of Eureka Placers Syndicate near Lytton will be completed about the end of September, it is expected. Officials of Hedley Amalgamated believe this property will be the first of its new undertakings to be established on a profitable basis and to pay back the moderate capital outlay involved in getting the property ready for production.

Sufficient funds are stated to be available for carrying forward the company's present programme of work.

Cancer Mortality Lower in Canada

Statistics of Metropolitan Life Show Decreased Total Death Rate

Cancer mortality has been lower this year in Canada than in 1937 among the industrial policyholders of the Metropolitan Life Insurance Company. Statistics of the company show that this is in direct opposition to the situation in the United States where the rate is higher and increasing. New low mortality records were established in July for measles, scarlet fever, tuberculosis, diarrhea and enteritis, and appendicitis. The record of tuberculosis is noteworthy since the cumulative rate was 8.2% above the 1937 rate as at the end of May.

The total death rate in July was lower than in July last year. The decrease was 17.8%. According to company statistics the cumulative mortality rate of 6.2 per 1,000 at the end of the first seven months of the year was an all-time minimum for this part of any year.

Favorable records, however, have not all been in Canada. For instance, puerperal mortality has been higher this year while in the United States, it declined to a new minimum among the policyholders of the company. Fatal accidents have also been higher among the Canadian policyholders this year. The automobile accident rate, however, has declined in both countries.

RAND SUSPENDS SINKING

Shaft sinking operations have been suspended by Rand Malartic Mines due to the impossibility of financing with the present state of the security markets.

It is understood work will not be suspended entirely but that a limited amount of diamond drilling will be carried on.

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Ham. Cotton, A	5½%	1948	Sept. 19	103
Ottawa L.'H., A	5%	1957	Oct. 1	103
McColl-Fron., A	6%	1949	Oct. 1	103
Prov. Paper, A	†5½%	1952	Nov. 1	100½
P. L. Robertson Mfg.	7%	1942	Oct. 15	105
Wood, A. & J.	*6%	1944	Oct. 11	103
Cumberland Ry.	‡5%	1940	Sept. 19	■
Porto Rico Tel. A	●6%	1944	Sept. 20	■

For sinking fund purposes: †$449,500. *$24,000. ‡$30,455. ●$65,000. ■Sale by tender.

HEADS AIR FIRM

Newly elected chairman of Noorduyn Aircraft Ltd., Montreal, is W. L. Bayer, who is also president and managing director of Canadian Bronze Co. and chairman of the executive committee of The Robert Mitchell Co.

Stop & Shop Said Near Settlement

Company Is Negotiating With Bondholders to Clear Up Default

Some clarification of the position of Stop & Shop bondholders is expected in the near future. Publication of the company's annual report and date of the annual meeting have been withheld pending framing of some proposal for the settlement of the default of bond interest on the 6% first mortgage sinking fund bonds, due April 1, 1938.

The company has been negotiating with a group of bondholders for a settlement and announcement of an agreement is expected shortly.

There are $644,500 of first mortgage bonds outstanding, which mature April 1, 1947. Sinking fund operations were to have commenced April 1, 1938, with annual payments sufficient to retire all outstanding bonds by maturity.

B.C. Conservatives Seek New Leader

Hope to Inject New Life Into Party at Convention

From Our Own Correspondent

VANCOUVER.—Efforts to inject new life into the Conservative party in British Columbia will be made at the convention to be held at Kamloops later in the month. What matters most at the Conservative meeting is the selection of a leader.

While Premier T. D. Pattullo has been for many years the unquestioned chief of the Liberal organization, the Tories have been without a leader since the death last year of Dr. Frank P. Paterson, who had made a practically single-handed effort to make Conservatism a vital force in British Columbia politics.

Outstanding among the possible standard bearers of the reborn Conservative party in the Pacific coast province are R. L. "Pat" Maitland and Herbert Anscomb.

Maitland, who served in the Tolmie ministry without portfolio, is a Vancouver lawyer, an adroit campaigner and able lawyer who has been close to politics for many years and has a wide following.

Anscomb is primarily a businessman who, as a Victoria member of the Legislature for several years, has acquired the reputation of being the party's chief financial critic.

Work to be Resumed At Jacola Shortly

Operations at Jacola Gold Mines in northwestern Quebec which were discontinued recently should be resumed in about 10 days time. The reason that work was stopped was because it was found necessary to install a new hoist. The foundations for this have now been laid and equipment capable of carrying work to 1,500 ft. has been delivered.

At the time that operations were discontinued, the long crosscut at the 1,000-ft. level toward the shear zone indicated by diamond drilling to the west, had just reached its objective. Conditions there were stated to be satisfactory although it was impossible to give details.

As soon as the new hoist is working, drifting on the shear zone will be started.

Galatea Shareholders Are Offered Duquesne Rights

Shareholders of Galatea Gold Mines are being offered rights for the purchase of Duquesne Mining Co. shares on the basis of one share of Duquesne at 15 cents for each 16 shares of Galatea held. Rights expire on Sept. 19.

The principal asset of Galatea consists of 600,000 shares held in Duquesne Mining Co. Ltd.

Bren Gun Probe Opens Monday

Wide Scope Given Commissioner in Munitions Enquiry

Mr. Justice H. H. Davis of the Supreme Court of Canada will, on Monday, September 19, open an enquiry into the contract given the John Inglis Co. of Toronto by the Canadian Government for the manufacture of 7,000 Bren machine guns.

Hearings, which will be held in the railway committee room of the House of Commons at Ottawa, may be concluded in two or three weeks.

Mr. Justice Davis is directed in the terms of reference to enquire fully into:

"The preliminary discussions and negotiations leading up to and the completion of the said contract, and into the shareholdings and the transactions, if any, in the shares or securities of the said company; and the connection or activities, if any, of any member of the House of Commons in the discussions and negotiations leading up to the said contract or in the affairs of the said company, or in the sale of shares or securities of the said company; and generally to enquire fully into all matters relating to the said contract and to the affairs of the said company and to the steps taken to protect the public interests, and to report upon the same."

Firestone Pete 3 Mos. Statement

40,144 Bbls. Crude Produced Latest Quarter

In the three months ended July 31, 1938, Firestone Petroleums Ltd., produced 40,144 barrels of oil which realized $51,349. This compared with 51,285 barrels of oil which realized $69,416 in the previous three months.

After allowance for royalties and other payments and liabilities, there was $25,000 available for distribution to shareholders as compared with $12,500 in the previous three months.

Consideration is being given to merger of the company with Monarch, Foundation, Prairie and Spyhill, other companies of the Anglo-Canadian group. Shares in a new company would be distributed among the companies on the basis of the allowables determined by the Oil and Gas Conservation Board, according to the suggested plan.

Details of the company's operation for the three months ended July 31, 1938, are as follows:

Statement of Receipts and Payments Three Months Ended July 31, 1938

	$
Receipts:	
Crude oil (40,144 bbls.)	51,349
Tail gas	200
	51,549
Less: Gross royalty 25%	12,877
Net receipts	38,672
Add: Balance, Apr. 30, 1938	8
	38,680
Payments:	
Acidization	1,682
Operating expenses	2,780
Management fees	750
Trustee expenses	1,193
Miscellaneous	483
	6,888
Surface equipment	2,183
	9,071
Distribution to shareholders	25,000
Prov. for accr. & conting. liabs.	4,609
	38,680

Canadian Canners Sales Ahead But Prices Down

While sales volume of Canadian Canners in the year to date is ahead of last year, prices of merchandise are below those of last year.

The vegetable pack, the largest pack, has been completed and the company is engaged in packing late fruits, which will continue through to the end of December. Lower costs of produce are said to be offset by higher costs of tinplate. Wage costs remain at about the same level.

In the fiscal year ended Feb. 28, 1938, a net profit of $723,028 was shown, as compared with $665,319 in the previous year.

Fairbanks-Morse Sales Holding Up

From Our Own Correspondent

MONTREAL.—Dollar sales of Canadian Fairbanks-Morse Co. to the end of last week have held up remarkably well, being only a small fraction below those for the same period a year ago. In the Maritimes and British Columbia sales have fallen away, but other areas have kept business at a high level.

Cost of sales is running somewhat higher than last year which has its effect on profits. However, while earnings for the year may be slightly less than in 1937, when profits were $2.41 a share on the common stock, they should be well in excess of the 1936 returns.

$55,000.00

City of St. Catharines, Ontario

3½% COUPON DEBENTURES

SEALED TENDERS, endorsed "Tenders for City of St. Catharines Debentures," will be received by the undersigned until five p.m., Monday, 19th September, 1938, for the purchase of the following debentures:

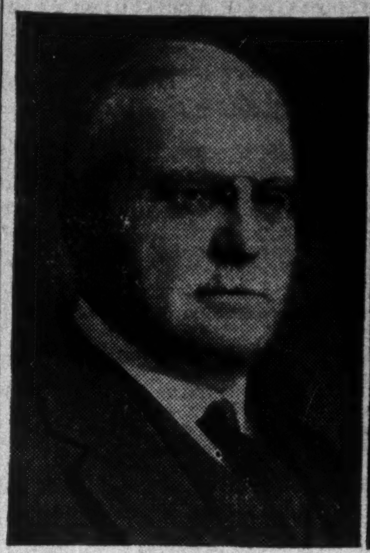
$15,000.00 Public Library Addition 3½% Serial Debentures, maturities 1-15 years.
$40,000.00 Arena 3½% Serial Debentures, maturities 1-20 years.
$55,000.00

1. Debentures will be dated 1st October, 1938.
2. Coupons will be attached for the payment of interest at the rates indicated above, payable half-yearly.
3. Debentures will be payable both as to principal and interest at the Imperial Bank of Canada, Toronto.
4. Denomination of each debenture will be in $1,000.00 amounts.
5. The right is reserved to reject any or all proposals.
6. Offers for a portion of this issue will not be considered.
7. Payment for and delivery of debentures to be made at St. Catharines.
8. For further particulars and financial statement apply to the undersigned.

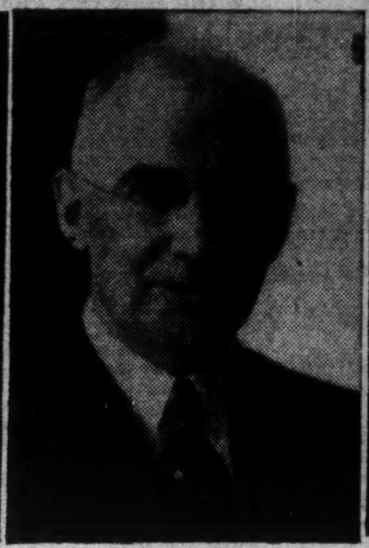
City Treasury Department,
St. Catharines, Ontario,
12th September, 1938.

STUART K. WATT,
Commissioner of Finance.

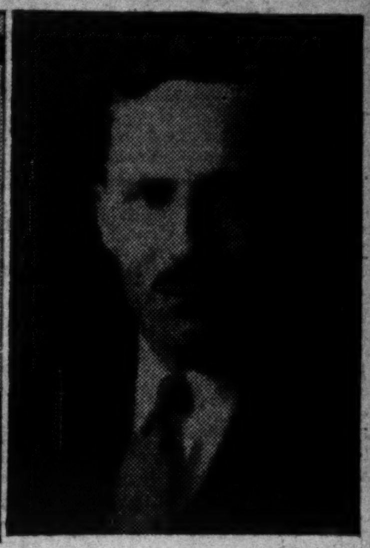
Executive Changes by Cockshutt Plow



J. E. RUBY



W. J. PHILLIPS



W. A. COCKSHUTT

AT a meeting of the Board of Directors of Cockshutt Plow Co. Limited, J. E. Ruby, President and General Manager of The Frost & Wood Co. Limited (wholly owned subsidiary of Cockshutt Plow Company) asked to be relieved of his General Managership. This was reluctantly consented to.

In accepting Mr. Ruby's resignation as General Manager of The Frost & Wood Division, Colonel H. Cockshutt, Chairman of the Board, expressed the unqualified appreciation of his fellow Directors of the outstanding service rendered by Mr. Ruby during his long association of fifty years with the Company and more particularly of the exceptional ability and leadership displayed during his tenure of the office from which he has just retired.

Similar tribute was paid by C. Gordon Cockshutt, President, who expressed the satisfaction of his associates that as President of Frost & Wood Mr. Ruby's association with the Company will be continued so that the benefit of his long experience in the industry will be available at all times. Mr. Ruby was subsequently made the recipient of an engraved silver tray as a mark of the high esteem in which he is held by his fellow members on the Board.

A Long Career

Born at Port Elgin, Ontario, and educated there and in the neighbouring town of Walkerton, J. E. Ruby joined the Frost & Wood Co. Limited, Smiths Falls, as an accountant in 1889. In 1890 he was sent to Winnipeg as Manager of the Western Branch. He remained there until 1909, successfully directing the Company's Western operations during a period of remarkable expansion on the Prairies.

In that year, when the association of Frost & Wood with Cockshutt Plow Company was brought about, he was recalled to Smiths Falls and made General Manager and Treasurer. His appointment as a Director followed in 1917. He became Vice-President in 1926 and President upon the assumption of the Chairmanship of the Board by Colonel Cockshutt in 1936. Mr. Ruby is also President of Frost & Wood Quebec Limited, Montreal, and Frost & Wood Maritime Limited, Truro, subsidiaries of The Frost & Wood Co. Limited, and of Brantford Coach and Body Limited, an affiliate of the Cockshutt Company.

In addition to his very close connection with every phase of the implement industry in Canada he possesses a wide and intimate knowledge of export markets, having made trips abroad to practically every country where Cockshutt-Frost & Wood implements play their part in agricultural production.

W. J. Phillips

W. J. Phillips, newly appointed General Manager of the Cockshutt Plow and Frost & Wood subsidiary companies, was born and educated in Brantford, and joined the Cockshutt organization in 1912. His service in varied capacities and as Assistant to the President well qualifies him for the position he now assumes.

W. A. Cockshutt

W. A. Cockshutt, who has had long and varied experience in Western Canada since joining the Company in 1909, was transferred to Smiths Falls in December, 1936. As a result of Mr. Ruby's resignation as General Manager he has been appointed Manager of the Smiths Falls plant.

Foundation Pete 3 Mos. Figures

Output For Period Up But Allowable Only 159 Barrels

In the three months July 31, 1938, Foundation Petroleums produced 33,010 barrels of crude oil valued at $43,214 as compared with output of 19,241 barrels valued at $26,019 in the previous three months.

The amount available for distribution to shareholders showed an increase amounting to $22,000 in the latest period, up from the $13,200 shown for the previous three months.

The new method for estimating allowables in the Turner Valley has resulted in a considerable decrease in the amount the company is allowed to produce. Present allowable is only 159 barrels daily as compared with the 164 barrels allowed on Sept. 2 and the 571 barrels which was produced previous to that.

Results of operations for the three months ended July 31, 1938, are as follows:

Statement of Receipts and Payments Three Months Ended July 31, 1938

	$
Receipts:	
Crude oil (33,010 bbls.)	43,214
Less: Gross royalties	10,023
Net receipts	33,191
Add: Balance, Apr. 30, 1938	78
Refund trustees' charges	378
	33,647
Payments:	
Acidization	2,255
Operating expenses	1,741
Lease rentals & main.	537
Management fees	600
Miscellaneous expense	707
Total operating exps.	5,840
Surface equipment	10
	5,850
Distribution to shareholders	22,000
Prov. for accr. & conting. liabs.	5,797
	33,647

Investment Firm

Name of the Toronto investment firm of Stewart, Scully Co. Ltd. has been changed to J. F. M. Stewart & Co., Ltd. The announcement states that there has been no change in the personnel of officers or directors.

FRED L. MYERS & SON
"The Sugar Wharf," Kingston, Jamaica, B. W. I.
HEADQUARTERS FOR JAMAICAN PRODUCE
Pimento, Annatto, Coffee, Cocoa, Divi Divi, Goatskins, Kola Nuts, Ginger, Orange Oil, Lime Oil, Pimento Leaf Oil, Lime Juice, Sarsaparilla, Honey, Wax and "Pickapeppa" Sauce.
Serving Importers Since 1879

Spotlight on Labor

Pensions in England

Survey by the British ministry of labor discloses that over 6,500 employers have voluntarily set up pension schemes assuring old-age security to 1.6 million workers. Funds covering slightly over one million employees were partially supported by employee contributions, the remainder being maintained by employers. Over 4,900 of the plans applied exclusively to 803,000 administrative, professional and clerical workers, the rest covering 814,000 manual workers. The survey did not embrace methods involving pensions at discretion of employers, schemes calling for no contribution from employers, or arrangements providing only for lump sum payments on retirement.

STEWART, SCULLY COMPANY LIMITED,
Investment Dealers since 1922

Wish to announce that hereafter they will conduct their business under the name of

J. F. M. STEWART & CO., LIMITED

There is no change in the personnel of the officers and directors.

J. F. M. STEWART, President,
NORMAN S. JARVIS, Manager,
A. M. G. STEWART, Secretary.

904 ROYAL BANK BLDG.
TORONTO 2
TELEPHONES EL. 8333-4-5

OUTLOOK FOR SECURITY PRICES

INVESTMENT Letters, Inc., is an established weekly economic service analyzing and forecasting the American securities and trade outlook for a select list of American subscribers. Because of the important effect of price and business trends in the United States on world economic activity these reports should prove of distinct value to Canadian investors and industrialists. We invite such subscriptions, and without obligation to the inquirer shall be glad to forward our latest Letter, discussing the current American stock market and business outlook, so that some first-hand knowledge of the character and nature of our work can be placed before the inquirer.

INVESTMENT LETTERS, INC.
Directed by Charles J. Collins
701 Union Guardian Bldg., Detroit, Mich.

CITY OF MONTREAL

Montreal is the largest and wealthiest city in Canada.

Second largest port on the continent, over $250,000,000 of merchandise was exported from Montreal during 1937.

Montreal balanced its budget in the fiscal year ended April 30th, 1938, with a revenue surplus of $926,019.

4% BONDS
(Non-Callable)

Maturing 1st December, 1946, Principal and half-yearly interest (1st June and 1st December) payable in lawful money of Canada in the Cities of Montreal and Toronto. Coupon Bonds in denominations of $1,000 and $500, with provision for registration as to principal.

Bonds are direct obligations of the City of Montreal.

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A weekly newspaper, presenting in a popular manner, reliable information respecting investments, business and national affairs in Canada.

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GREAT BRITAIN, London—Sun of Canada Bldg., 2, 3 and 4 Cockspur St., London, S.W.1. Telegraphic Address, Atabek, Lesquare, London.

TORONTO, SEPTEMBER 17, 1938

The Financial Post's Platform for Canada

Balanced budgets.
A modernized constitution.
Extension of Empire trade.
Integrity in meeting public obligations.

Good News from P. E. I.

FROM the Garden Isle of Prince Edward Island, The Financial Post has received encouraging news this week about the Hon. Charles E. Dunning.

Thanks to a complete rest in the invigorating Island climate; we are told he is "ever so much better and well on his way to recovery."

His medical advisers apparently believe he is constitutionally strong and that time and rest will enable him to completely regain his health. As indicated in news despatches he now plans to follow the sun and go south for the winter.

At a time when men of Mr. Dunning's calibre are all too few in Canadian public life, this news is important and encouraging. It indicates that the Minister of Finance may again take his place in legislative councils at Ottawa.

The news is a tribute also to the curative powers of the Prince Edward Island climate — long recommended by leading Canadian physicians for its healthful and strength-giving potency.

Let the Public Know

CANADA'S textile industries have been accused of many things: inefficiency, hiding behind a tariff wall, profiting at the expense of the workers, over-charging the public; in fact, nearly every modern business crime has been laid at their door.

Constructive criticism never harmed an industry, but the criticism directed against the textile operators has been political mainly and because of that not always fair.

The textile industries are not entirely free of blame but their faults are not so great or as numerous as many believe. The Turgeon Commission proved that. After spending over a year in delving into the affairs of the operators, the one-man commission issued a lengthy report which was notable for what it did not find than for what it did find.

The only serious criticism offered was in respect to the operators' opposition toward the unionization of the workers. Certain minor matters were mentioned critically but on the main issues, there was nothing in the Commission's report to indicate that the textile industries had not given full value in return for "protection" received.

Where the textile industries fall down is in their neglect in creating a more complete and sympathetic understanding of their many problems with the public. The welfare of 70,000 textile workers and the safeguarding of an investment running into several hundred millions of dollars calls for such an undertaking.

Persistent and well-directed efforts along those lines will bring about a more intelligent public understanding of the textile industries great value in the Dominion's economic structure.

Britain Regulates Security Frauds

GREAT BRITAIN—last stronghold of the "laissez-faire" philosophy of handling security transactions—is going to give a thorough trial to a sweeping system of regulation. The British "Prevention of Frauds (Investment) Bill" is a far-reaching change from old-fashioned methods. The triple watchdogs of tradition, custom and public opinion are being replaced by detailed rules and regulations for the control of security issues and sellers.

The result of two years of investigation and the findings of the Bodkin Committee, the latest bill is destined to stop "operations commonly known as share-pushing and share-hawking and similar activities." The methods to be used involve licensing by the Board of Trade of all persons dealing in securities. Specific exemptions are given to members of the recognized stock exchanges and associations, banks and finance houses and approved trustees and managers of authorized unit trust schemes. This closely resembles Canadian procedure.

There was already in Great Britain a provision in the Companies Act which made house-to-house canvassing illegal, but obsolete wording had made this section a dead issue. This is to be changed and the Board of Trade given power to regulate all communications with clients, either by telephone or in person.

Misleading statements in selling securities have long been a matter of controversy. It is difficult to have a clear definition of where intention to deceive begins and mistakes in judgment leave off. Section 9 of the new bill goes far to remove all uncertainties in this regard.

The various measures taken in this bill will make it impossible for the non-registered security dealer to reach the public. It is intended to cover all security, property and commodity dealings.

It might be expected that such a radical departure from the traditional British method of handling the dealing in securities would bring considerable protest. But perusal of British newspapers of the past year or two reveals some reasons why the new bill seems to meet with general approval. The British public has suffered from irresponsible and dishonest dealings. Now it is apparently ready to support legalized methods of control.

In one respect, at least, the Canadian problem is different from that of U.K. Here we have 10 legislative bodies regulating dealings in securities of all kinds. In Great Britain there is only one central governing body. This body has wide powers to invoke the criminal law against wrongdoers. In Canada, no provincial government can interfere with the criminal code, which is under the jurisdiction of the Dominion.

Butter Dump Not Needed

NO MATTER what the political repercussions, the King Government has done the right thing at the right time in removing the exchange dump duty against butter from New Zealand.

Canada's balance of trade with New Zealand is more than 2 to 1 in our favor. If we expect to go on selling automobiles, rubber goods, stoves, flour, lumber and paper to that country, we must give New Zealand goods a reasonable break in our own market.

The special duty on butter has always been a sore point in our dealings with the sister Dominion. Unfortunately, too, it has been a sore spot in Canadian politics, especially in those constituencies where dairy farmers have been led to believe that they might be swamped wtih New Zealand butter.

While there was considerable doubt as to the seriousness of any such threat in the past, there is none at all now. With normal weather conditions in the prairie provinces, Canada is again producing more butter than is being consumed. In contrast with a storage shortage of 8 million pounds last winter, we now have a surplus of more than ten million pounds and output is still growing. Canadians are already the world's greatest eaters of this product.

In spite of our ban on oleo-margarine and special encouragement for dairymen to turn their milk into cheese rather than butter, Canada has now reached an export basis, and must expect domestic prices to be governed accordingly. Instead of being flooded with butter from New Zealand, we will be competing with that country in selling our own surplus.

Meanwhile, our remaining regular tariff of 5 cents per pound against New Zealand butter should prove ample protection for Canadian dairymen during any temporary emergencies that may arise.

A Practical Planning Job

THE Vancouver Province has been drawing attention to the excellent work of the Pacific Northwest Regional Planning Commission. This body represents the four northwest states of the American Union—Washington, Oregon, Idaho and Montana.

Its job is to advise on "orderly development and the co-ordination of industries." It has already done good work in connection with great power and irrigation projects on the Columbia River; is now turning its attention to the forests. It is urging a plan of conservation and compulsory management in the national as well as the local interest. Says the Province:

> "British Columbia needs planning as much as do the American states. Her forest resources are threatened as much as theirs—even more so, as the recent fires have demonstrated. The sustained-yield forest policy — the only sensible, businesslike forest policy anywhere—is as vital to us as it is to them. We should be moving rapidly and steadily toward its adoption."

Other provinces might also take a cue from the lead of the Pacific States.

There are equally important jobs to be done in every part of Canada—some requiring the co-ordination of interested groups within the province itself, others requiring intraprovincial co-operation.

Canadians might profitably study the work of this commission.

Overburdened Municipalities

ONTARIO municipalities are threatening to go on the rampage. Egged on by Mayor Morrison of Hamilton at Niagara Falls last week they were urged to stand together and refuse further payments for social welfare services imposed by federal or provincial regulations. Education, health and social services were described to the Ontario Mayors Association as "an overgrown baby we can no longer support."

Premier Hepburn may temporize by adding an extra cent to the gasoline tax and handing the proceeds back to municipalities, but this is at best a palliative. It makes little headway in cutting through the tangled underbrush of federal-provincial-municipal relationships in this country.

A year ago Prime Minister King appointed a Rowell Commission to do this job. Already it has gone farther than any previous agency since Confederation toward seeking a solution.

Yet the Commission's work is being hamstrung by obstructionist tactics of Premier Hepburn and two or three other provincial leaders. Mr. Hepburn fails seemingly to realize that it is not good enough to iron out his own provincial-municipal difficulties. Something more must be done to tackle this on a national basis.

Ontario municipalities should demand from Premier Hepburn an explanation of these obstructionist tactics. They might also take their troubles direct to Mr. King. A first-hand account of the tax and welfare problems which many Ontario municipalities now face might strengthen Ottawa's hand in seeing this thing through to a finish. It might spur the Prime Minister toward going to bat for his own Rowell Commission.

Tax Truths

SPEAKING to the Vancouver Board of Trade the other day, Sir Edward Beatty strongly urged a policy long advocated by The Financial Post, namely a broadening of the base on which the income tax rests.

Argued Sir Edward:

> "We shall never cure unemployment in Canada until private enterprise revives, and private enterprise will never revive until taxation is lessened.
>
> "The way to make taxation less of a burden is to lower it. The way to lower it is to make people realize they are paying it. . . .
>
> "If there is any greater delusion than that the poor man pays no taxes because the tax collector only goes to the rich man, I do not know it. It would be an actual benefit to the people in the lower income brackets if no income in Canada were free of taxation. It would be a benefit, because it would bring home to the people of this country the fact that they are paying taxes."

Latest figures from Ottawa show that in the 1936-37 tax year, only 217,000 persons in Canada paid income tax. This means that only one worker in 14 (exclusive of farmers and farm laborers) pays any income tax. Nearly 70 per cent of the tax comes from people with incomes of $10,000 or over.

Canada's income tax already presses heavily on those in higher income brackets. It should be extended to include a million or more Canadian workers who now pay their taxes too "painlessly."

Canadian Banking Tradition

AT AGE 15 the late Harvey B. Henwood entered the service of the Bank of Toronto at Port Hope. He was a junior and received a few dollars a week for his services.

When he died this week in his sixty-sixth year he had been exactly 50 years in the service of the bank. For the past 10 years he had been its general manager.

From its infancy it has been a lively tradition of Canadian banking that every junior (to change the famous metaphor) carries in his ledger the key to the highest posts in the bank's service.

That is one important reason for the integrity and superiority of the Canadian banking system. It permits and encourages men of the stamp of Mr. Henwood to rise clear through to the top.

The opportunities which Mr. Henwood saw and grasped are present in equal abundance in the banking profession in Canada today.

Editorials in Brief

What Investors want to know in the view of Barron's "Trader" is what the stock markets will do "ex war scare."

• • •

Scrip-Tease is the phrase Californians have coined for their latest excursion into the realm of Something-for-Nothing. The state is to hold a referendum in November to decide whether its citizens want to launch a "$30-Every-Thursday" pension plan for every jobless Californian more than 50 years old.

If Mr. Aberhart loses his job as Premier of Alberta he might move to California.

• • •

Writing in the London Times recently, Professor George M. Wrong, of Toronto, interprets the recent defense declaration of President Roosevelt at Kingston as a challenge to Canada "to confront her whole duty of defense." In the view of the distinguished Canadian historian, the declaration really adds nothing to the security of Canada, but he fears it may encourage "a supine sense of security."

Canada's big responsibility, says Professor Wrong, is to fortify her coasts so that an enemy could not make her soil a basis for attack on the United States.

Sayings of the Week . .

"Only 25 per cent of radio receiving sets are in use at any given time."—*Major I. D. Carson.*

• • •

"I want to warn against Canada drifting toward totalitarianism."—*Bruce A. McKelvie.*

• • •

"I don't believe pump-priming, a fine radio voice and a smile will make good times."—*Jules S. Bache.*

• • •

"I guess my ambition is to be the greatest motion picture actress in the world."—*Norma Shearer.*

• • •

"Hitler knows that the day Germany enters upon a first-class war he becomes a cipher."—*Sir Norman Angell.*

• • •

"I'm going East again, not to bring back Eastern money, but to bring back some of our own." —*Hon. T. D. Pattullo.*

• • •

"Journalism is the most potent instrument in the world for the creation of a true democracy." —*Harold Weir, Editor, Vancouver Sun.*

• • •

"Worthy journalism concerns itself always with the life and lot of the underdog."—*W. L. MacTavish, Editor-in-Chief, Vancouver Province.*

• • •

"The way to make taxation less of a burden is to lower it. The way to lower it is to make people realize they are paying it."—*Sir Edward Beatty.*

• • •

"This is the best non-essential organization that I have ever belonged to."—*Judge Frank Seymour, newly-elected president, Bald Head Club of America.*

• • •

"Canada faces two major problems today. One has to do with the assimilation of the French-Canadians. The other concerns the Japanese."—*Senator J. W. DeFarris.*

• • •

"If there is no war now, there is nothing better in prospect than an atmosphere in which war is always possible, always near and always capable of being provoked by an incident." — *Walter Lippmann.*

• • •

"Municipal government is the only system on earth where you go out and pick a bunch of coal heavers, firemen, insurance agents — like myself —real estate operators, and say 'you manage the city.'"—*Mayor Hanniwell, of Niagara Falls.*

—By Orr, in Chicago Tribune.

"YOU'VE GOT TO EAT LESS AND GIVE MORE MILK—OR ELSE!"

Post-Scripts . . . .

Justice Davis

To do a proper job of investigating the Bren gun affair, Prime Minister King last week chose Hon. Henry Hague Davis—a young Brockville boy who will one day (so his friends affirm) be Chief Justice of Canada. He has already performed temporary duties as Senior Judge in the absence of the Governor - General and Chief Justice Duff.

HON. H. H. DAVIS

It was over 25 years ago that young Harry Davis knocked at the door of George H. Kilmer's office in Toronto and asked for a job as a law student. He started to work at a dollar or two a week and stayed on the job until in 1933 he was appointed Appellate Judge on the Ontario bench. Two years later he was named a justice of the Supreme Court of Ontario.

Meanwhile he had risen to be senior member of the firm of Kilmer, Irving and Davis and had achieved a reputation as one of the ablest younger barristers in the province.

One of his important clients was the Abitibi Pulp and Paper Co. of which George Kilmer was a director. Many a time Harry Davis had to drive into the Abitibi plant at Iroquois Falls by dog team. Those were the days before the railway spur was built out from Porquis Junction.

• • •

Hon. H. H. Davis celebrated his 53rd birthday last Saturday—just three days after his appointment to investigate the Bren gun affair.

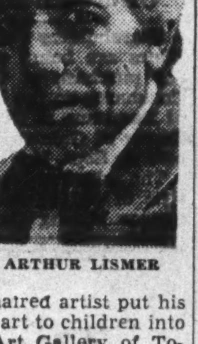
One secret of his success is his ability and willingness to master the subject matter under his purview. When a case involving the North American Indian came up, he spent endless days learning every fact and detail of Indian lore. Similarly when a contentious issue involving a cellulose product arose he made it his business to master not only the legal details but a wide realm of chemical knowledge as well. He often retires to his summer home at Brockville and shuts himself up for a week or two until he has thoroughly mastered the subject to his satisfaction.

Intensely human his rise to legal heights has failed to blur his sense of perspective or to rob him of the common touch. He still drives his own car; waters his own lawn.

• • •

Canada's Lismer

Arthur Lismer who won international recognition for his methods of teaching art to children, leaves Toronto this week for New York where he has been appointed Professor of Fine Arts at Teachers' College, Columbia University.



ARTHUR LISMER

It is another case of a Canadian being lost to Canada because he was so successful at his work that outsiders valued his services more than Canadians did.

The tall, long-haired artist put his ideas of teaching art to children into practice at the Art Gallery of Toronto, after he had won recognition as a brilliant landscape painter.

• • •

A dozen years ago no one suspected that the shy, soft spoken mild member of the Famous Group of Seven, his hair already greying, would change the whole approach to the teaching of art and would be consulted by Australia, New Zealand and South Africa all eager to adopt the same system.

His ideas drew the financial support of the Carnegie Foundation and the Saturday morning classes for children at the Art Gallery of Toronto branched out. The Children's Art Centre was organized and extensive research work was undertaken.

The Carnegie support was extended year after year although the understanding was that once established, the work would be financed in Toronto.

Now Mr. Lismer will carry his ideas to Columbia and will there direct the teaching of United States teachers how to instruct children in art.

Mr. Lismer possesses that rare thing in an artist, the ability to express his ideas on the platform. He is one of Canada's most charming speakers and can pass on to an audience his own fervor and his own enthusiasm in his work.

• • •

In some fields Canadians have more than held their own. In the sciences, in medicine, in engineering the Dominion has kept abreast of the international parade.

In the arts, however, Canada has lagged. With some brilliant exceptions triumphs in art have been by Canadians no longer living in Canada.

The departure of Arthur Lismer for New York is another sad example. Mr. Lismer's work had placed the Art Gallery of Toronto at the front of the new work being done in the art education of children.

And now the directing force behind that work has been allowed to leave Canada and once again Canadians will proudly point to work being done by expatriates in the United States.

• • •

Federal Watchdog

Watchdog of the federal treasury, 68-year-old George Gonthier, as auditor-general of Canada is the taxpayers guarantee that no public money is expended without the authority of Parliament or that this authority is exceeded.

Appointed in 1924, he was the first French Canadian censor of Dominion bookkeeping. His appointment followed a long, successful career in commercial and financial life.

Since taking over the duties of auditor-general, Mr. Gonthier has instituted many reforms and among other things inaugurated the system of check upon Government stores, valued at millions of dollars and scattered over the Dominion.

• • •

His position has pseudo-dictatorial characteristics. Mr. Gonthier is not an absolute law unto himself and can be overruled by treasury board, but only when the department of justice holds a contrary view to his. In all such cases the papers must be published in the auditor-general's report to Parliament. This is the largest blue book tabled in the House of Commons and shows every cent spent by the Government. He is answerable not to the Government, however, but to Parliament. He can be removed only by the Governor-General on a joint "address" or resolution of the House of Commons and the Senate.

Semi-judicial powers may be exercised by the auditor-general. He may apply to an exchequer court judge or any high court in any province for a subpoena commanding any person to appear before him and produce documents relating to any account under consideration.

• • •

Born in Montreal, Mr. Gonthier was educated at commercial schools and by private tuition. He began his business career as a public accountant in his native city in 1893. From 1907 to 1924, he was a partner in the firm of St. Cyr, Gonthier and Frigon, investment bankers.

On organization of the General Trust of Canada he became its first manager and was director from 1909 to 1922.

In 1911, he became associated with H. E. Midgley. The firm of Gonthier and Midgley was one of the most prominent among chartered accountant firms in the Province of Quebec.

Despite all these widespread business activities, Mr. Gonthier found time to engage in educational work and was on the executive of several business associations.

• • •

Bring Them All

Brig. General C. H. Mitchell is dean of the faculty of Applied Science at University of Toronto, As such he has a wide variety of schools under him, architecture, mechanical engineering, mining engineering, civil engineering, chemical engineering and some others.

GEN. MITCHELL

General Mitchell is himself a civil engineer. As a young man he was city engineer and land surveyor for Niagara Falls, Ontario. That was the setting for the story that his brother "Pat" (P. H. Mitchell, expert in electrical and sound engineering) never tires of telling on him.

One day the city engineer took a crew of bright young men out to survey a new subdivision for the city. All day they toiled under the boiling sun laying out stakes, each on a spot measured to the fraction of an inch. Good progress was made. The job was nearly finished by nightfall when Engineer Mitchell decided to quit. He began to pack up his equipment and noticed that one thing had been mislaid somewhere back on the roadway. He turned to his junior assistant and said, "Bring the maul." Then he and the others sat down to wait.

They waited five minutes, ten minutes, fifteen minutes and wondered what had happened to their helper. Finally he appeared, perspiring and staggering under an armload of stakes. Mr. Mitchell suddenly realized with no little horror and perturbation that the young man had pulled up all the stakes so carefully laid and was bringing them faithfully back.

"What the dickens," Mr. Mitchell began to explode.

The assistant dropped the stakes and remarked casually and not a little proudly.

"Well, you said to bring them all!"

Stop Me If . .

The other day a witty young Canadian (now living in the U.S.) was being given an honorary degree by his Canadian alma mater.

In thanking the university governors he quoted the epitaph from a New England gravestone which says: "I expected this but not so soon."

The New National Policy

Editor, The Financial Post:

Is it or is it not economically sound practice to bonus a producing class such as wheat, corn, or cotton growers by government subventions of various kinds when their markets fail?

Under stress of present crop and marketing conditions the western farmers—and to some extent their provincial governments—have demanded, as though of right, that the Dominion Government pay them a fixed minimum price for wheat, and charge any resultant loss to the general taxpayers of Canada, as though the latter were responsible for the condition and should be penalized accordingly.

Is this principle sound? Is it logical? Is it right? In the long run is it even expedient? If the answer to these questions be in the affirmative, then the principle must, of necessity, be valid for all production classes. Hence the fisherman and fruit growers of the Maritime Provinces have as valid a reason for demanding an economically "sound" price for their products (and from all accounts taking one year with another they need it) as the western farmer. Why should the lumbering and pulp and paper industries of British Columbia and Quebec be discriminated against in this matter of a fixed price economically sufficient; or the fruit growers of British Columbia and Ontario or vegetable growers, etc.? And not only why should these and various other industries not ask for the same special consideration, but how long before they likewise will demand it? And if demanded and conceded, how far can the process be advanced without the inauguration of a complete socialistic state?

I am not at this time raising the question of the rightness, or the justice of such a policy; but what I do ask is, are the people of Canada prepared to accept all the implications of such a social, economic and political development, and, if not, what do they propose to do about it?

There is no point in belaboring our political "leaders" for developments of this kind, for the population as a whole calls forth its own type of leader—and this in direct ratio to the interest and intelligence it shows in the development of its own social order. It is of no use to wring our hands and moan "give us leaders." As a people we are expected, in the economy of nature and the laws of national development to evolve our own leaders, and by a process of political natural selection choose the type that will lead in the direction we desire to go; and if through mental sloth or political incapacity (and I submit that a people has political sagacity equal to its needs) we fail to choose wisely, or, having chosen, fail to insist upon the policies we wish incorporated into our political life, then the yoke will surely be upon our necks.

E. ATKINS,
Winnipeg, Man.

In the Mail . .

Educating the Farmers

Editor, The Financial Post,—

The Financial Post, in its feature article "Millers Now Confident That Tide Has Turned," gives a most revealing description of the technique and function of "hedging" in the wheat markets, intimating that, so far as millers and non-speculative buyers are concerned, in normal times, "it allows them to sleep peacefully at nights while their raw material is being turned into flour and gradually finding its way into consumers' hands throughout the world."

Fortunately or otherwise (according to the viewpoint) notwithstanding the "hedging pressure" exerted by the 1938 wheat crop, especially during the next 100 days, the 80-cent "floor" of the Canadian Wheat Board enables the wheat farmers "to sleep peacefully at nights," although prices have already crumbled in the open market to non-profit levels. Without dipping too far into the wheat future, I think that situation all to the good for Canadians generally.

The situation is distinctly reminiscent of the following assertion by Hon. P. M. Dewan (Minister of Agriculture for Ontario) in opening the Belleville Fair recently: "Education of the farmers, especially young men and women, is the only way by which agriculture will improve. The young people must be educated to combat the large firms and organizations that are buying up all the produce of the farm at low prices. If this continues, the farmer will not be able to make a decent living."

WALTER P. DAVISSON,
Toronto, Ont.

As Others See Us . . . .

All in the Wheat Business
Creemore Star

The market price of wheat is governed by the law of supply and demand. At present the world's visible supply is large and the actual market value for best western grades is likely to be less than 80 cents, the price pegged by the Government. The difference will have to come out of the pockets of the Canadian citizens. The Financial Post in an article analyzing the set-up estimates that the deficit to be made up will be at least twenty million dollars. This figures out at approximately two dollars per capita. Should wheat values go down the loss to the Government will be greater. Accordingly, as we stated above, we are all in the wheat business.

The pegging of wheat by the Government is simply another term for bonusing the producer out on the prairies. The Government has simply guaranteed that no matter where the prices may fall, 80 cents is guaranteed and the loss, if any, will be absorbed by the Government.

Lethbridge's Debt Record
Lethbridge Herald

The State of Nebraska has no public debt, as the special articles by a Financial Post writer recently have told. Nebraskan cities are working hard to get themselves into the debt-free column.

The city of Kalamazoo, Michigan, with a population of 50,000 has no debt, though it took 20 years to pay out the old debts contracted at an earlier period in the city's history.

Lethbridge is on the way to join Nebraska and Kalamazoo. By the end of 1939 we will have wiped off nearly $500,000 of our contracted debt, and we are taking no further bond obligations.

By the time we have paid out our $3,750,000 debt contracted in the days when it was the fashion for governments to go into debt, we will have paid more than $5,000,000 interest.

City Manager Watson is hopeful that we will get a boost along the road out of debt in the next year by reason of the good crop which will provide work for many home-owners who have not been able to keep their taxes paid. Payment of half the present tax arrears will pay off the floating debt to the bank and hard-surface 15 miles of streets, he tells the citizens.

It would be worth some sacrifice to accomplish what he suggests.

Other People's Views . . . .

St. Lawrence Waterway
Windsor Star

Some day the St. Lawrence deeper waterways project is going to be carried out. It is one of those inevitable things that must come whether Mr. Hepburn opposes it now or not. There can be reasonable argument as to whether the present is the right time, but none as the feasibility of the plan and its eventual necessity.

It seems to us, therefore, that if Mr. Hepburn is wise he will meet Mr. King half way and string along with him on the suggestion for continued joint study of the project. The Province of Ontario need not be finally committed at this stage of the game, but it is desirable that the province avoid putting itself into the position of being a stumbling-block in the way of a great and desirable international undertaking.

Wall Street Journal

The Wall Street Journal firmly believes that for all of a generation to come a St. Lawrence shipway would be a vast and profitless expenditure as an agency of transportation; as to power, it believes that when government confesses its inability to regulate private enterprise effectively, government cannot be trusted to supplant it. Nor can it be forgotten that the more government displaces private enterprise the more powerful government must become—and there is no natural stopping-place on that road.

But these considerations deal with the merits of the St. Lawrence Project, which two friendly peoples can examine thoroughly and at their leisure.

Lower Tariffs Needed
Regina Leader Post

Lower costs are required to keep the western Canadian farmer in the world picture and lower tariffs on almost every article used in the country would benefit the western producer and in turn increase the prosperity of western cities and towns whose future depends on the economic condition of the western producer.

Week in Business

Outlook More Cheerful Though Trend is Mixed

Carloadings Gain Brightest Spot in Canadian Business Picture — Fall in Country Sales Most Disturbing — War Danger Beclouds Long Term View

Were there no massing of troops along the excited frontiers of Europe about all Canadian business would be worrying about this fall would be the price of wheat. In other respects the situation is fairly satisfactory. Not quite as good as expected a few months ago, perhaps, but on the whole pointing toward improvement.

• • • •

Meanwhile, gains continue to outnumber losses in the purely Canadian field.

Trend of carloadings is sharply upward, bolstered by the heaviest grain movement in more than five years. Actual level of revenue freight has not yet passed that of a year ago but it is expected to before the end of the month.

Gross earnings of the Canadian Pacific Railway for three consecutive weeks have been higher than last fall and those of the C. N. R. are rapidly nearing the same satisfactory position.

The weekly index of the Dominion Bureau of Statistics gained two full points in the first week of September, reaching the highest level in months, though still substantially below this time in 1937.

The situation in United States has bettered materially. This time last year Canadian industries and business lines tied vitally with the economic progress of our big neighbor, were casting anxious eyes across the border. While indices here continued strong those in United States began to crumble and they continued crumbling for almost 10 months. Now they seem safely over the crisis though still in the recuperating stage.

• • • •

Unfortunately, however, there are still some dangerous places in the road ahead.

Canada's newsprint industry is only operating at two thirds of last year's volume and increases in output and exports are expected to be relatively slow. Lumber export outlook still remains somewhat uncertain. Steel production despite the almost certain promise of substantial war orders from Britain continues at a lower tempo than 12 months ago.

Of even more significance has been the recent lapse in country purchasing power due largely to lower farm prices. It was the strength in this field, particularly in eastern Canada and Manitoba, which was mainly responsible for Canada so successfully resisting the business depression that promised to spread from United States last fall.

Now with grains, most livestock and dairy products selling at lower levels than in 1937 the average Canadian farmer is finding it necessary to ease on buying. This summer country store sales reversed their previous rising tendency. High government minimum price for wheat of course will stabilize purchasing power at a high level over much of the Prairie Provinces but this is of no help to the man who follows mixed farming.

Business Indicators

Current business more active, with D. B. S. index up 2 points over late August.

Carloadings for first week in September up sharply, but still slightly below a year ago.

Railway earnings, sharply higher, now beginning to reflect heavy grain movement getting under way in western Canada.

Construction—Latest output figures of materials beginning to register substantial drop from year ago.

Wheat and flour exports hold steady in August but down considerably for year to date.

Livestock sales in July off sharply and cumulative for year also down reflecting shortage of feed in western Canada last winter.

Newsprint exports in July about two thirds for same month a year ago.

Foreign trade—August exports up 10% over July, but still down over 15% from August, 1937.

Current trend in Canadian business shown by The Financial Post index of business activity, with new figures for the week marked thus▲.

	Sept. 3	Aug. 27	Aug. 20	Aug. 13	Sept. 4/37
Weekly index, D.B.S.	109.4	107.4	107.7	108.5	116.2
Commodity prices	74.6	75.1	75.8	76.6	84.6
	July	June	May	Apr.	Year Ago
Financial Post index	110.1	109.6	109.6	110.5	123.8
Retail trade index no. of sales	69.6	81.4	80.3	76.2	74.2
Dept. store sales "	....	75.9	74.4	73.4	80.1
Wholesale index no. of sales	90.6	100.3	95.5	89.4	97.4
Country sales (% of gains)	*4.2	1.6	*2.2	5.5	13.7
Employment D.B.S. Index—					
	Aug. 1	July 1	June 1	May 1	Year Ago
All industries	112.1	113.5	111.9	107.4	120.1
Manufacturing	110.0	111.8	112.3	110.6	118.1
Living costs♦	....	$17.45	$17.43	$17.36	$17.20
	1938	1937	Jan. 1 to date 1938	Jan. 1 to date 1937	
Railways—					
Carloadings, week (Sept. 3)	▲57,617	60,861	1,553,537	1,707,156	
C.N.R. gr. earn., wk. (Sept. 7)	$ ▲3,689,291	$ 3,739,198	$ 116,177,097	$ 121,884,058	
C.P.R. gr. earn., wk. (Sept. 7)	$ ▲3,529,000	$ 3,060,000	$ 88,089,000	$ 93,824,000	
C.P.R. net revenue (July)	$ 507,337	$ 1,095,461	$ 3,188,365	$ 9,355,614	
C.N.R. net revenue (July)	•96,958	958,900	•5,766,941	7,626,848	
Iron and Steel (July)—					
Pig iron production (tons)	51,238	79,736	455,396	503,680	
Steel ingots and castings prod. (tons)	83,927	122,968	754,668	836,145	
Automobiles (Number)—					
Passenger Cars:					
Domestic sales* (July)	6,206	9,459	67,229	86,121	
Factory output (July)	5,273	12,513	81,375	110,070	
Trucks and Buses:					
Domestic sales* (July)	2,067	3,067	17,652	20,803	
Factory output (July)	3,734	5,428	26,790	36,436	
Exports (July)	4,760	8,127	30,720	42,614	
Financing (July)—					
Used	$ 3,675,293	$ 3,919,664	$ 23,146,388	$ 23,146,207	
New	$ 2,701,816	$ 4,375,854	$ 22,747,476	$ 28,094,133	
Construction—					
Cons. contracts (August)	$ 22,113,400	$ 24,830,800	$ 123,926,800	$ 156,891,900	
Cement, bbls. (June)	▲749,047	752,683	2,167,461	2,090,006	
Clay (June)	▲428,527	485,917	1,564,088	1,596,548	
Gypsum, tons (June)	158,521	161,978	337,194	377,908	
Agriculture—					
Flour prod., bbls. (July)	928,722	1,080,150	6,439,851	7,148,658	
Flour exp., (Aug.)	▲286,270	288,608	2,220,586	2,700,279	
Wheat exp., bus. (Aug.)	▲6,266,055	6,544,967	39,298,031	58,871,601	
Cattle sales (July)	▲64,127	99,080	387,876	464,533	
Hog sales (July)	▲43,619	73,276	409,863	597,087	
Sea Fisheries (July)‡—					
Catch, cwts.	958,965	1,036,090	4,067,580	4,129,123	
Landed value	2,559,475	2,637,640	8,639,207	9,378,988	
Newsprint (tons)—					
Production (July)	202,546	314,529	1,462,417	2,102,289	
Exports (July)	▲200,836	305,163	1,304,122	1,936,686	
Mining and Oils—					
Coal prod., tons (July)	814,910	1,145,334	1,722,110	8,183,559	
Coal imports, tons (July)	1,479,544	1,886,445	6,466,335	8,134,431	
Gold prod., fine oz. (June)	390,693	344,805	2,218,168	1,973,251	
Nickel prod., lb. (June)	16,327,169	20,959,736	108,995,141	111,386,337	
Copper prod., lb. (June)	48,489,858	42,549,292	292,048,917	243,604,966	
Crude pet. prod., bbls. (June)	537,654	209,181	2,910,425	1,061,681	
Crude pet. imp. bbls. (July)	4,066,571	4,706,379	17,518,032	19,070,068	
Electric Power Output (July)—					
Total monthly m.k.w.†	1,987,754	2,188,055	14,702,795	15,944,187	
Trade—					
Imports (July)	$ 55,822,520	$ 71,995,940	$ 392,514,764	$ 452,811,629	
Exports (August)	$ ▲86,437,853	$ 103,338,590	$ 580,837,398	$ 720,289,461	
Other Industrial Factors—					
Dressed lumber, exp.:					
M. bd. ft. (July)	165,910	171,241	922,002	1,033,873	
Boot & shoe prod., pr. (July)	▲1,626,772	2,055,533	12,573,825	14,538,744	
Cotton, raw, imports, lb. (July)	▲7,588,000	12,324,000	71,894,000	92,395,000	
Raw rubber imp., lb. (July)	6,015,658	4,419,490	31,361,166	37,746,689	
Cigarette cons. (July) No.†	638,703	654,313	3,870,562	3,710,174	
Sugar manufactured, lb.§	100,705,367	92,364,014	470,846,295	435,152,152	
Finance—					
Bank debits (July)	$ 2,466,370	$ 2,720,738	$ 17,051,439	$ 20,906,745	
Bond sales (July)	$ 98,451,124	$ 109,714,875	$ 724,303,361	$ 829,097,565	
Life insurance (July)	$ 30,126,000	$ 32,040,000	$ 220,175,000	$ 225,156,000	

*D.B.S. All-Canada figure comprising over 90% of the Canadian total.
†000's omitted. §For four weeks to Aug. 13, 1938.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C.
♦For average family per week, food, fuel, rent. •Deficit. *Decrease.

Stedman Bros. Profit Rises

Four More Stores Opened and Working Capital Improved

Profit of Stedman Bros. Ltd. for the 32 weeks ended Aug. 13, 1938, after depreciation but before provision for income taxes amounted to $179,963, as compared with $174,106 for the corresponding period in 1937. Sales for the period were approximately 8% higher than in 1937.

During the current year there have been four new stores opened, bringing the total in operation to 51 stores. These stores account approximately for the increase in sales. It is expected that the addition of the new units will make itself felt during the remainder of the year, and if profits continue to improve at the same rate, slightly better earnings should be shown for the entire year than in 1937.

Working capital position is better than at the same time last year and the company is in good shape to finance its heavy purchases for the Christmas season.

Stores and equipment have been modernized and repaired. Two new stores were opened in Western Canada during the year, one in the Maritimes and one in New Liskeard, Ont.

Net profit for the year ended Dec. 31, 1937, amounted to $268,280, equivalent to earnings of $44.71 on the new preferred shares and $2.79 on the common. There were 6,000 shares of preferred stock, of $50 par value, and 90,000 shares of no par value common stock outstanding at the year end.

Preferred dividends on the new stock are cumulative from Sept. 1, 1937, and the new common shares are on a regular dividend basis of 15 cents a quarter. A bonus of 10 cents a share was paid April 1, 1938.

It is understood that the company has adopted the policy of paying bonuses only once a year. The bonus, if any, will be paid in April each year on account of earnings for the previous year.

Foreign Business

United States Department of Commerce summarizes foreign business as follows:

Mexico—Notwithstanding adjustments and retrenchment incident to present depressed conditions, wholesale sales have increased unexpectedly in some lines.

Chile—Wholesale and retail trade have fallen sharply and business conditions are most unsatisfactory so far this year.

Italy—The seasonal slackening of trade and industry has been somewhat more pronounced than last year and foreign tourists have been less numerous.

Switzerland—Industries are now feeling the effects of the general economic recession, especially the branches depending on foreign trade, and unemployment has risen slightly above last year's level.

Portugal—The unfavorable market for Portuguese products has depressed internal conditions to some extent but industrial and mineral production remain fairly active.

Lithuania—Improvement continued through the second quarter of 1938, better crop prospects making possible the removal of the export embargo on wheat and oats; increased building activities stimulated the domestic market and has produced a shortage of skilled labor.

Syria—Conditions remain in the same adverse position, but some improvements have occurred owing to currency stability, higher local agricultural prices, better tourist business, and plans for large-scale public works.

China — Commodity prices in Shanghai are still rising.

August Strike Figures Show Marked Decline

Volume of labor trouble fell to a low ebb in August, and afforded a sharp contrast with the extensive effect of strikes in the same month of 1937, it is shown by the monthly bulletin of the Dominion Department of Labor. There was a slight increase over July of this year, as the following tabulation reveals:

Strikes in Canada

	Aug. 1938	Aug. 1937	July 1938
No. of strikes	19	43	15
No. workers involved	2,063	18,556	1,423
Time loss*	14,308	296,670	10,435

*Man-working days.

Top Wharfage Charges Fate to be Decided

From Our Own Correspondent

MONTREAL. — The fate of the higher top wharfage charges instituted by the National Harbors Board this year will be decided at a meeting to be held this month.

The desire of Hon. C. D. Howe, minister of transport, to reduce deficits on the national ports stirred up protests when higher port charges were announced early this year and protests continue.

Top wharfage charges are not new, but the new schedule of port charges resulted in a substantial increase, especially for the ports of Halifax and Saint John where the rates had previously been lower than at Montreal.

It has been the practice of the railways to absorb top wharfage charges. When the new rates were announced they decided to pass on the increase to the shippers. Such action, however, was finally deferred to Oct. 1, pending the outcome of negotiations with the National Harbors Board. A meeting to settle the matter is to be held this month.

May Hurt Maritime Ports

If the rate is left at the present level and the increase passed on to shippers, Canadian ports, especially Saint John and Halifax, may suffer. Export and import traffic may be diverted to United States North Atlantic ports. It is for this reason the Maritime Transportation Commission applied to the Board of Transport Commissioners to have the railways absorb all of the top wharfage charges.

Montreal, Saint John and Halifax are in direct competition with such American ports as New York, Boston and Portland for a considerable amount of traffic. These U. S. ports have no top wharfage charges so that the cost of moving traffic is cheaper there than via Canadian ports. For this reason the railways feel they should not be called upon to assume greater expenses in the way of top wharfage charges than they would be required to assume were the traffic to move through U. S. ports.

Special Conditions Apply

Furthermore, the railways do not agree with the action of the National Harbors Board of having one top wharfage charge for all ports. Previously the rate in Saint John and Halifax was about 50% of that charged in Montreal.

The railways point out the Dominion Government, because of climatic conditions, maintains two sets of ports in the East—summer ports and winter ports. The railways feel, therefore, no attempt should be made to service the total capital cost. Rather, expenditures on one set should be recognized by the Dominion as a special contribution to meet climatic conditions.

In support of this contention the railways point out they carry export traffic to Saint John and Halifax during the winter for only a nominal charge over and above the charge from St. Lawrence ports in the summer. This, they state, is a heavy additional charge absorbed by them for the purpose of ensuring overseas commerce may be handled via Canadian ports. They submit the National Harbors Board should follow similar procedure.

These top wharfage charges are rates imposed by the National Harbors Board, as owners of the wharfs, for the privilege of transporting goods across their property. They are, in a sense, charges for permitting use of a right of way across private property.

Background of Business

Butter and Eggs

Canada faces no butter shortage this season. Creamery stocks in storage in principal Canadian cities are estimated by the Dominion Bureau of Statistics at 10 million pounds above a year ago.

The general butter situation is sharply changed from last fall. Then there was a shortage of approximately eight million pounds and in order to prevent already high prices skyrocketing the Dominion authorities temporarily lifted special restrictions on New Zealand butter for a limited amount. Now the restrictions have been lifted entirely as it is expected this country is now on an export basis. At any rate there is a substantial surplus of domestic butter in storage and production is increasing. Due to the good fodder situation in both East and West monthly output has been higher than normal this year and promises to remain so indefinitely.

In eggs the situation is different. Storage stocks at September 1 were about a million dozen below the total of a year ago, a drop of 15%. However, there is nothing alarming in this situation as yet. Chickens hatched last spring normally commence to lay about September and by the middle of the current month will be in full production.

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Cuban Trade Pact

Unofficial visit of Cuban agricultural officials to Ottawa the other day revived reports that trade negotiations between that country and the Dominion are shortly to be opened. Had Canadian trade officials not been working overtime on the U. S.-Canadian negotiations, it is quite possible that a new pact would have been negotiated with Cuba before now. Almost a year ago the two countries were making preliminary surveys but further proceedings were postponed until the new agreement has been concluded with United States.

Cuba is anxious to win back its former important sugar market in Canada. In return that country is prepared to restore former concessions on fish and potatoes, two important Maritime exports. Guaranteed preferences on United States products complicate matters and also opposition of Canadian sugar refineries to imports of refined sugar from Cuba.

While sugar, fish and potatoes are the principal goods in the potential trade between the two countries Cuba also hopes to find here a larger market for tropical fruits and tobacco and it is considered possible that there might be a demand in that country for Canadian purebred cattle.

Present trade between the two countries is largely in Canada's favor though only about one-seventh of the total 12 years ago when tariff barriers were more moderate. Last year total exports of Canada to Cuba were valued at slightly over a million dollars and imports at a little more than $650,000.

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Tungsten's Rival

World marketing developments in recent years in regard to tungsten threatens to oust the mineral from the dominating position it long held in the manufacture of steel alloys for a wide variety of special uses. While it continues to be invaluable for making the element in electric light bulbs, it is being stoutly challenged in the alloy field by an aggressive rival—molybdenum.

According to a recent analysis of the situation in the Far Eastern Survey, great impetus has been given to production and use of molybdenum through operation of the Chinese Government monopoly of tungsten supply, by world marketing developments, and outbreak of the war in China. It is reported by the survey, published by the American Council of the Institute of Pacific Relations, that tungsten prices have more than quadrupled in the past five years. Despite this, production increased 80% between 1935 and 1937, but in the same period world output of molybdenum doubled.

Molybdenum has been slowly increasing in price since 1933, but is still cheaper than tungsten and will go twice as far as tungsten for alloy purposes. Recent failure of tungsten prices to react upward to revival of industrial activity and the rearmament scramble is regarded by the Survey as sign of the competitive strength attained by molybdenum.

World molybdenum production comes 75% from the United States, though small amounts have been produced in Canada and prospecting for Canadian molybdenum deposits continues. Rise of the mineral as a rival to tungsten should stimulate further prospecting, and increase such slight production as has been achieved from the small deposits being worked.

Outlook Better For N.S. Lumber

Compensating Factors Are Seen Behind Reduction in Cut

From Our Own Correspondent

HALIFAX.—Less lumber will be cut upon Nova Scotia's eight million acres of productive forest lands this year due to a sharp decline in the British market price but those engaged in the industry do not regard the outlook as bleak.

The prospect of a reduced cut is in fact pleasing to provincial forestry officials who feared that continuance of last year's cut of 540,948,000 feet board measure, which was far in excess of the growth in that year, would soon have resulted in depleted forests.

Reduced freight rates to the United Kingdom, Nova Scotia's chief lumber market, and trebling of pulpwood shipments to Germany and other European countries are seen as cheerful factors in this industry which provides full time or seasonal employment to from 25,000 to 30,000 men.

The market price today is regarded as about normal.

Trend is toward improvement in production methods and marketing. A grading rule will probably be in effect for next year's shipments. It is hoped this will result in a slightly better price and at least stabilize the industry.

B. C. Packers Reduces Debenture Debt This Year

From Our Own Correspondent

VANCOUVER.—British Columbia Packers, Ltd., has effected further reduction in its funded debt. The principal of the 5% first mortgage debentures now stands at $135,500, a reduction of $53,500 since Dec. 31, 1937, according to President H. R. MacMillan.

During 1936 the company's 6% first mortgage debentures were refunded at 5%, and the principal was reduced from $253,000 to $221,000. Since that time the principal has been reduced by $85,500 to the present figure of $135,500.

Louisiana Land Reacquires Stock

From Our Own Correspondent

MONTREAL.—The Louisiana Land & Exploration Co. has notified the Montreal Stock Exchange that it reacquired 200 shares of its own capital stock during August. At August 31 last, a total of 24,029 shares of its own stock was in the possession of the corporation.

Individual Investment Requirements

No two persons have quite the same circumstances or obligations to consider in managing their investment affairs. It is the aim of this organization to make such investment suggestions as will best suit the specific requirements of individual clients.

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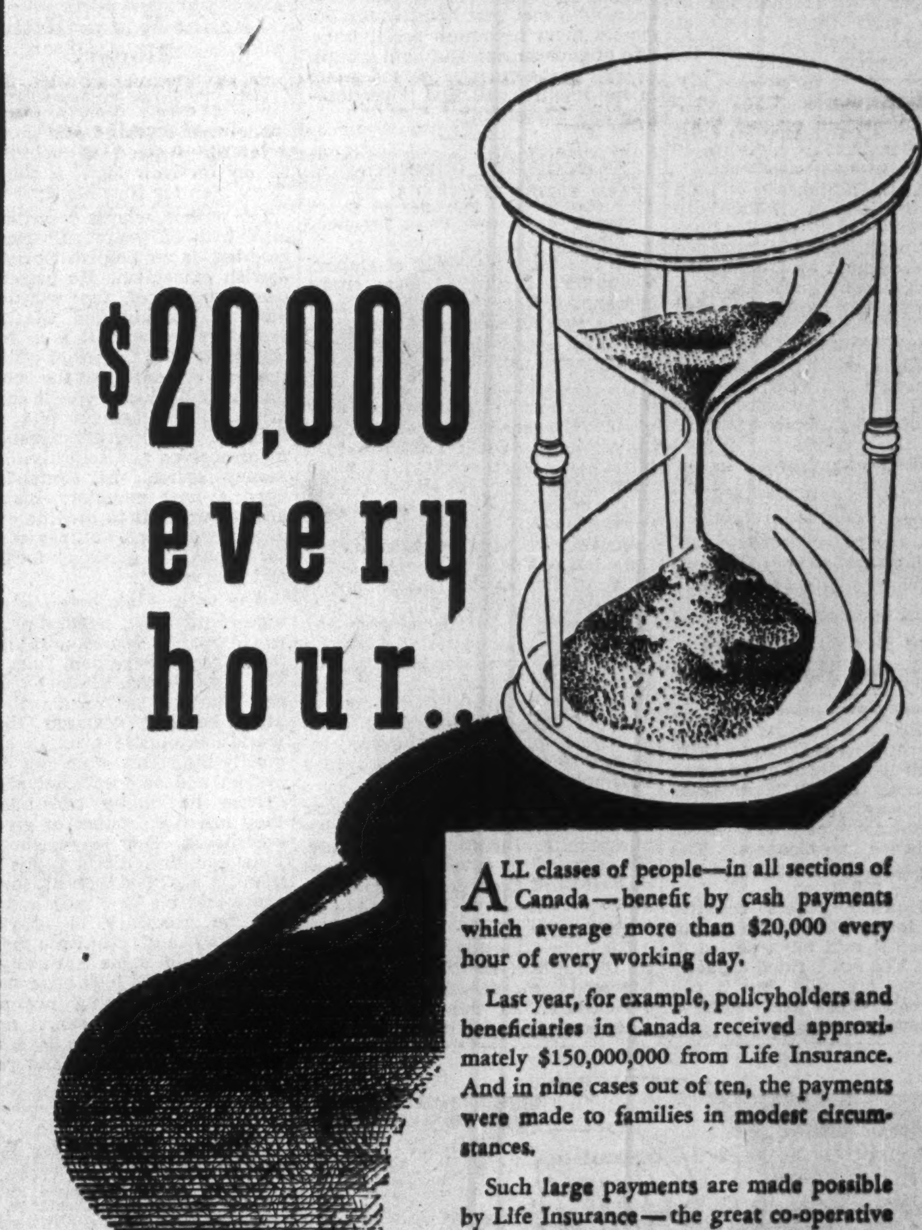

ALL classes of people—in all sections of Canada—benefit by cash payments which average more than $20,000 every hour of every working day.

Last year, for example, policyholders and beneficiaries in Canada received approximately $150,000,000 from Life Insurance. And in nine cases out of ten, the payments were made to families in modest circumstances.

Such large payments are made possible by Life Insurance—the great co-operative enterprise in which 3,500,000 thrifty Canadians have banded together for mutual protection. Through savings in Life Insurance, they have built financial security for today and tomorrow.

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Pulp and Paper Industry

Paper Output Exceeds Sales

Manufacturers' Stocks Increase 17,065 Tons in August

From Our Own Correspondent

MONTREAL.—Production of newsprint in Canada during August exceeded shipments so that manufacturers' stocks increased. Output for the month, as reported by Newsprint Service Bureau, was 220,303 tons as against shipments of 204,668 tons.

Production in the United States was 67,436 tons and shipments 66,006 tons, making total United States and Canadian newsprint production of 287,739 tons and shipments of 270,674 tons.

August production in Newfoundland was 12,977 tons so that total North American production for the month was 300,716 tons. Total production in August, 1937, was 430,491 tons.

Canadian Mills Bear Brunt

Canadian newsprint mills have borne the brunt of the decreased demand for newsprint this year. In the first eight months of 1938 Canadian mills produced 741,110 tons less than in the same period of 1937. This is a decrease of 30.6%. Output in the United States was 103,884 tons, or 16.5% less than in the first eight months of 1937. Newfoundland's output was down 72,554 tons, or 30.4%, making a total decrease for North America of 917,548 tons, or 27.9%.

Stocks of newsprint at the end of August totalled 194,917 tons for Canadian mills and 23,987 tons for United States mills, making a total of 218,904 tons compared with 201,839 tons on July 31 last.

International Paper Cuts Wages at Corinth

From Our Own Correspondent

MONTREAL.—Employees of International Paper Co. at Corinth, N.Y., have accepted a 5% wage reduction. Union members voted almost unanimously to accept the reduction.

If accepted by employees of the other mills of the company, the reduction will affect about 7,000 men in branch plants at Fort Edwards, Niagara, Tonawanda and Livermore Falls. The reduction at the Corinth plant means a cut of about three to seven cents per hour. Competition in the paper making field, and general business conditions were cited as making the wage reduction necessary.

The company is seeking lower taxes on its property at Ticonderoga. It was stated there is a wide discrepancy in taxes levied on the company's property at Ticonderoga in comparison with those levied at Fort Edwards, and other places where the concern operates.

Paper Shipments Continue to Lag

From Our Own Correspondent

MONTREAL.—Shipments of pulp and paper continue at substantially below the 1937 level. Car loadings of pulp and paper in the week ended Sept. 3 totalled 1,575 cars, compared with 1,618 cars in the previous week and 2,343 cars in the week ended Sept. 4, 1937.

The cumulative total for 1938 to Sept. 3 is 33,451 cars lower than in the same period last year, amounting to 59,265 cars. In the corresponding period of 1936 shipments totalled 76,755 cars.

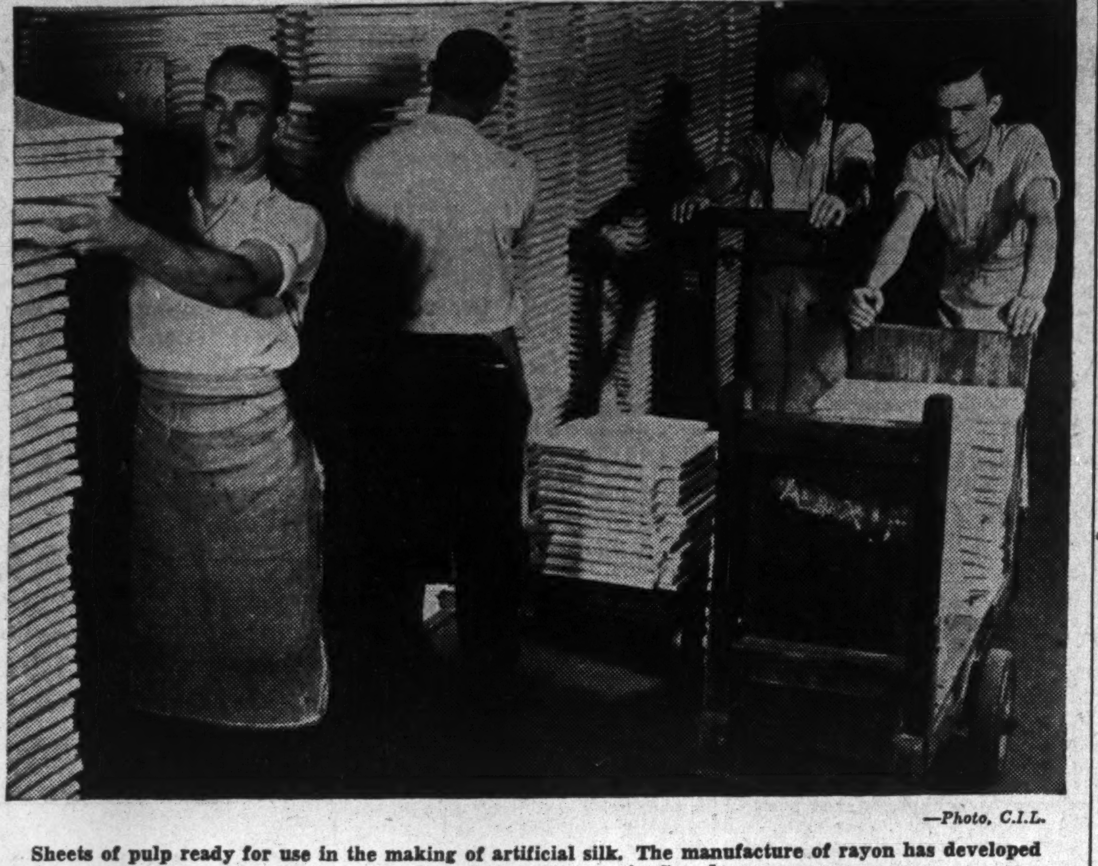
Car loadings of pulpwood in the week ended Sept. 3 totalled 1,267, compared with 1,330 in the previous week and 1,640 in the same week last year. For the year to date car loadings of pulpwood at 66,753 are 6,796 cars ahead of the same period of 1937.

Donahue Bros. Contract Calls for Market Price

From Our Own Correspondent

MONTREAL.—According to J. H. Donahue, president of Donahue Bros. Ltd., which operates a newsprint mill at Murray Bay, P.Q., no price concession was involved in the recent contract obtained from Scripps-Howard newspapers. The contract calls for the current market price, namely $50 a ton.

Scripps-Howard papers recently contracted to take the entire output of the Donahue mill for a period of eight years. The mill's rated capacity is 34,000 tons annually, but it can turn out about 40,000 tons, which is what the contract calls for.



—Photo, C.I.L.

Sheets of pulp ready for use in the making of artificial silk. The manufacture of rayon has developed spectacularly in recent years in Canada.

New Books

Housing as a Utility

THE CHALLENGE OF HOUSING. By Langdon W. Post. Published by Farrar & Rinehart, Toronto. Price $3.50.

For some reason Mayor LaGuardia of New York dropped Langdon W. Post from the post of chairman of the New York City Housing Authority. Thus Mr. Post is now without an official commission in housing. But it has been his major interest for many years and in "The Challenge of Housing" he has a chance to present his philosophy on the subject.

He starts off on the premise that the failure to provide real homes for the people is the weakest link in the economic system. But how would he provide them? He sees the taxation, the financial and political hurdles on the present road. So he would plan a new road by making housing a public utility, applying to it a new set of principles borrowed from railways and electric utilities. He would invest housing with a public interest, and proceed to large scale development, under semi-public, semi-private monopoly. In this, the cities would do the planning, but private capital would carry out the plan under public protection.

Mr. Post's volume will evoke criticism from both those who want governments to keep their hands off housing, to reduce taxes and give private builders a chance, and from those who feel that housing for the masses must become a social function of government. But both groups, as well as the great perplexed group in the middle, will find it provocative and stimulating.

Credit for Farmers

FARM CREDIT IN CANADA. By W. T. Easterbrook. Published by University of Toronto Press, Toronto. Price $2.50.

No one has previously attempted a complete survey of farm credit in Canada. The absence up to now of any thorough study of the problem gives Dr. Easterbrook's volume a very considerable importance.

Dr. Easterbrook, who lectures in the department of political economy of the University of Toronto, has undertaken to write what is both a history of farm credit in Canada from the earliest days and a critique of the operations, of banks and loan companies on the one hand, and governmental lending agencies on the other. Of particular value is the study of the various governmental schemes. But here the author is dealing with an unfinished story and he has not gone materially beyond the published records. He makes no attempt, for instance, to estimate what may be the ultimate cost of winding up Ontario's long term mortgage plan, which every informed person knows has proven a sink-hole for public money.

Dr. Easterbrook seeks to discuss the role the state may have to play in agricultural lending in the future. He offers little advice and such as he does offer goes no farther than to point to objectives rather than to outline programmes.

He calls attention to the absence of institutions in Canada specially designed to meet the requirements of agriculture. In this field government leadership—if it doe. not seek domination of the farm credit field, more efficient use of farm credit as —may, he thinks, be of value. He sees a need for governments making an instrument of national economic policy. Credit is no panacea for agricultural ills and any attempt to use it as such will merely lead to further debacles such as have been experienced in government agencies. The author recognizes limits to governmental intervention, limits that have not been recognized by politicians, whose free dispensation of credit has merely resulted in an unsatisfactory form of subsidy for agriculture rather than in the cure of fundamental farm ills.

Dr. Easterbrook's study will be of value to financial men, operating in the field of farm lending, and to parliamentarians as well as to students of social and economic developments. It throws much light upon the acute problem of debt, as it has arisen in the depression years. Private capital financed Canadian farms when they were in the prosperity stage but governments have intervened in an effort to promote an orderly retreat during the years of depression. Prof. Easterbrook's study makes it clear that governmental efforts to solve the debt problem have been less effective than they might have been and have almost turned the retreat into a rout.

Better Men or Better Money?

NEW MONEY FOR NEW MEN. By S. S. Metz. Published by Macmillan Company of Canada, Toronto. Price $2.75

The title of this book should be reversed. Instead of being "New Money for New Men" it should be "New Men for New Money."

The author, who is described as a man with 35 years' experience in banking, is an English Christian of Jewish extraction. He presents his own version of the workings of modern banking and the world's monetary system. It is a familiar argument with the usual critique of the gold standard and the control of credit by bankers. World economic crises, unemployment and starvation are the inevitable result of a malconceived and selfishly operated money system, he contends. We need a new monetary plan. The author proceeds to provide one. He goes farther and outlines a scheme for a planned economy for Britain and the world.

The volume closes on a note of high spiritual inspiration. The world needs new men, unselfish men, practising the golden rule. Then, Mr. Metz thinks, most of our present troubles will pass. In short, after he has declared that the world's economic troubles are primarily the result of an evil banking system and an inefficient monetary system he finally concludes that they are the product of greed and selfishness. This leaves the reader high and dry. Perhaps his second plank is stronger than his first. Give the world his new men and it will not be necessary to provide his monetary and economic panaceas. They would come naturally. The "new men" will look after the "new money." But would not a "new money" for the same men be wasted? The volume is a curious mixture of monetary and religious philosophy.

Peace, Even if by War

PEACE WITH THE DICTATORS. By Sir Norman Angell. Published by Musson Book Co., Toronto. Price $2.50.

Supremely talented in the art of exposition, Sir Norman Angell here carries on a one-man debate on British foreign policy. The technique he adopts in this volume is to draw together a group of well-informed men to present the case for Germany, the case for Italy, the case for the League and the case for present and possible British policies toward the vexed problems of Europe. It is obvious that all of the men in the group are Sir Norman himself for it would be difficult to collect a large enough group to expound all the various viewpoints with the dialectical brilliance of the famous author of "The Great Illusion."

Sir Norman makes the case for peace. But it must not be peace with the dictators. In fact, he sees peace as possible only if the democratic nations resist the dictatorships and take the offensive—a military offensive if necessary—for peace. Sir Norman is of the school that is so convinced that collective security is the way to peace that he would arm the peacemakers to the hilt and authorize them to defeat the warmakers before they could make war. If there is war, let it be a war for peace, he says, but leaves largely unanswered "what kind of peace?"

Sir Norman is as fair as he is convincing. No German could quarrel with his presentation of Hitler's case. But no Germany would find it easy to rebut Sir Norman's reply to that case.

Prairie Royalties Quarterly Report

Production Higher in Three Months Ended July 31

Prairie Royalties produced 90,917 barrels of crude oil valued at $110,599 in the three months ended July 31, 1938, as compared with 53,083 barrels worth $64,832 in the previous three months.

After allowing for royalties payable, operating expenses and accrued liabilities there was $68,750 available for distribution to shareholders in the latest period as compared with $40,000 distributed in the previous three months.

Under the redistribution of allowables placed in effect on Sept. 12, the Prairie Royalties No. 1 well is allowed to produce 652 barrels of crude daily as compared with an allowable of 670 barrels under the Sept. 2 quota and 1,522 barrels produced previous to that.

Results of operation for the three months ended July 31, 1938, are as follows:

Statement of Receipts and Payments
Three Months Ended July 31, 1928

	$
Receipts:	
Crude oil (90,917 bbls.)	110,599
Tail gas	200
	110,799
Less: Gross royalty	27,700
Net receipts	83,099
Add: Balance Apr. 30, 1938	134
Refund trustees' charges	241
	83,474
Payments:	
Acidization	1,807
Operating expenses	2,095
Management fees	750
Miscellaneous expense	501
Total operating exps.	5,153
Surface equipment	867
	6,020
Distribution to shareholders	68,750
Prov. for accr. & conting. liabs.	8,704
	83,474

Bulolo Gold Profit Up Sharply in August

From Our Own Correspondent

MONTREAL.—Production of Bulolo Gold Dredging Ltd. in August totalled 16,209 ounces of fine gold. This compares with 13,569 ounces in July, and 12,783 ounces in August last year.

Estimated working profit for August is 11,508 fine ounces, which is equivalent to $402,780 in Canadian funds with gold at $35 an ounce. Working profit in July amounted to $311,500, and in August last year $288,435.

Production in August was from 1,249,000 cubic yards of gravel as compared with 1,232,000 cubic yards in the previous month and 901,000 cubic yards in August a year ago.

Norwegian Pulp Mills Curtail Operations

From Our Own Correspondent

MONTREAL. — The Norwegian wood pulp market is reported to have continued dull during the second quarter of the year, says the Paper Trade Journal. Mill operations were somewhat curtailed in conformity with the existing quota scheme in the Scandinavian countries.

A revival in the mechanical pulp market is not expected until the large British paper combines fix their prices for 1938. Increased activity and improved prices in the chemical pulp market cannot be looked for until there is more balance between supply and demand. In a number of consumer countries there has been overstocking and some of these countries are reducing import quotas.

It is reported some of the mills may be forced to close down, or at least drastically curtail their operations.

MINTO CALLS MEETING

At the annual meeting called for Sept. 27, shareholders of Minto Gold Mines will receive proposals for reorganization and refinancing .

B.C. Salmon Pack Handicapped in Britain

From Our Own Correspondent

VANCOUVER.—British Columbia salmon packers are still handicapped in the British market by low-priced Japanese fish, shipped in bulk from the Orient and marketed by British importers under their own label without any indication of the country of origin.

Nevertheless, British Columbia salmon is selling in increased volume overseas, and H. R. MacMillan, president of B. C. Packers, Ltd., reports that canned salmon bearing his company's own label is gradually making headway.

Other packers claim that the educational campaign financed by the federal government is bringing result in the British market. Tariff preference, of course, has been an important factor.

In 1932, at the Ottawa conference, the B. C. canners failed to get the preference in the British market put on a per pound basis, as in other parts of the Empire.

Subsequent efforts to have the basis of duty changed, so as to head off inroads of Japanese and other foreign salmon produced at much less cost, were similarly unsuccessful. The packers then urged the government to assist in financing an advertising drive suggesting that buyers "Look for Canada on the Lid." This campaign went into effect last year, and the packers believe that it was largely responsible for an increase of 36,000 cases in the business done in 1937 as compared with 1936.

Empire Sales Gain

Ten years ago British Columbia sold less than 250,000 cases of salmon in the United Kingdom. Last year sales were more than 410,000 cases, and business has shown a fairly steady expansion since the Empire agreements went into force. Sales to various Empire countries have been similarly increased. The Australian market, which took 215,000 cases 10 years ago, last year absorbed more than 300,000 cases. South Africa, which bought 30,000 cases in 1928, placed orders for double that quantity last year.

Salmon packers here resent the statement made by Hon. W. D. Euler, minister of trade and commerce, on his return from England recently, that British Columbia salmon, while widely advertised, was not obtainable by the wholesalers in the United Kingdom. Not only have B.C.'s shipments during the first seven months of this year been substantial, but increasing volume will move for the balance of the year out of this year's pack. B. C. canners have a million cases of salmon on hand now which they would like to sell to England, and they would sell it if they did not have to combat the competition of the Japanese pack.

Federal Deficit Mounts

(Continued from page 1)

Canada. It is impossible to estimate what this reduction will be.

Last year the Dominion Government's share of the Canadian relief bill was $68.5 millions. Of this amount, $24.5 millions was spent in the drought area of western Canada. Thus, total relief expenditures by the Dominion in Prairie Provinces amounted to between $35 and $40 millions last year. This year the cost of the wheat bonus will have to be added to relief costs.

Revenues Keep Up

In his budget speech, Mr. Dunning estimated revenues for the current year at $501 millions and expenditures at $524 millions. He expected to report a deficit of $23 millions, compared with $17.7 millions last year.

Results for the first six months of the year indicate his revenue estimate may be achieved. For the six months ended Aug. 31 receipts show an increase of $8.6 millions, amounting to $252.5 millions. Thus, revenues in the second half of the year can decline by $23 millions and the budget estimate will still be achieved.

In bringing down his budget, the finance minister estimated tax revenues, with the exception of income tax receipts, would decline. In this, he was correct. During the first six months every classification of revenue, except income tax receipts, were lower than in the corresponding period of last year. Income tax collections, however, were $20.8 millions higher, more than offsetting the decline in other classifications.

Actual results on the revenue side of the budget will depend upon the course of business activity during the remainder of the year. If a definite upturn should develop this fall, the budget estimate might be exceeded.

Expenditure Figures

For the current year the Government expenditures at $524.6 millions compared with $534.4 millions in 1937-38. As a result of the bonus being paid to the wheat grower this estimate will be exceeded. At the time the budget was brought down the Government had formulated no minimum wheat price policy. Thus, the cost of the wheat bonus is an unforeseen expenditure.

The fixing of a basic price for wheat is not the only factor having an adverse effect on the budget. There is every indication the C.N.R. deficit will be substantially higher than last year. In fact, the Government set aside $41.9 millions in the six months ended Aug. 31 to meet the C.N.R. deficit. This compares with a provision of $27.3 millions in the corresponding period last year. A considerable portion of the higher deficit is due to poorer operating results on the C.N.R.'s American lines —Grand Trunk Western and Central Vermont. It is because of the increased provision for C.N.R. losses that total expenditures jumped $10 millions in the first half of the year.

Relief expenditures in the first half of the year declined $5.8 millions to $10.6 millions. This consisted of $5.6 millions relief grants to the provinces, $3.6 millions of relief works and $1.4 million of drought area relief.

Comparative figures of revenue and expenditure for August and the first six months are given below:

Federal Finances
Six Months Ended Aug. 31

	1938 $ 000's	1937 $ 000's	Change $ 000's
Receipts:			
Customs duty	33,751	39,385	—5,634
Excise duty	22,494	22,684	—190
Excise & sales taxes	64,376	69,538	—5,162
Income tax	111,457	90,585	+20,872
Post office	12,503	12,604	—101
Sundry	7,634	8,380	—746
Special	279	705	—426
Total	252,494	243,882	+8,612
Disbursements:			
Ordinary exps.	151,272	150,584	+688
Capital	1,396	1,473	—77
Relief	10,613	16,501	—5,888
Govt. enterprises	42,981	27,782	+15,199
Write-offs	283	121	+162
Total	206,545	196,461	+10,084

Month of August

	1938 $ 000's	1937 $ 000's	Change $ 000's
Receipts:			
Customs duty	6,850	8,233	—1,283
Excise duty	4,661	4,813	—152
Excise & sales taxes	14,828	16,427	—1,599
Income tax	5,373	4,246	+1,127
Post office	2,301	2,401	—100
Sundry	2,272	2,645	—373
Special	4	13	—9
Total	36,389	38,779	—2,390
Disbursements:			
Ordinary exps.	20,404	25,198	—4,794
Capital	622	326	+296
Relief	3,475	5,137	—1,662
Govt. enterprises	79	4,018	—3,939
Write-offs	151	30	+121
Total	24,731	34,709	—9,978

Gatineau Transmission Plans Submarine Cable

From Our Own Correspondent

MONTREAL.—Gatineau Transmission Co., subsidiary of Gatineau Power Co., and the Hydro-Electric Power Commission of Ontario have deposited plans for submarine power cable crossings under the Ottawa River with the Minister of Public Works at Ottawa.

The proposed submarine cable is to be constructed between Papineauville, Que., and Grande Presqu'ile, Que., and between Presqu'ile, Que., and Treadwell, Ont.

Finland Sulphite Mills Suspend Temporarily

From Our Own Correspondent

MONTREAL. — Several sulphite mills in Finland have temporarily suspended operations in order to reduce output. In general, however, production is being carried out under normal conditions. According to reports, confidence in the future has not been shaken.

Lake Sulphite Plans Log Storage Area

From Our Own Correspondent

MONTREAL.—G. S. Currie, receiver and manager of Lake Sulphite Pulp Co. has deposited with the Minister of Public Works at Ottawa, plans of a booming and holding ground and log storage area to be built in Nipigon Bay, Lake Superior.

At the expiration of one month applcation will be made for approval of the plans and leave to proceed with construction.

U. S. Trade Commission Finishes Investigation

From Our Own Correspondent

MONTREAL.—The U. S. Federal Trade Commission has completed the field work of its investigation of the newsprint industry. Purpose of the investigation is to determine whether there is a combine in restraint of trade as alleged by certain newspapers.

The report of the commission is expected to be made some time this month. There is no indication what the report will be.

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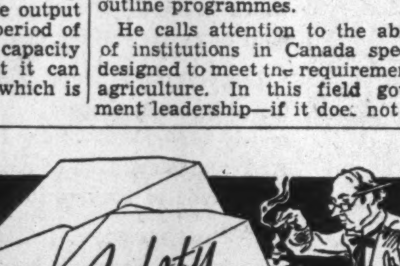

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Bell Telephone

Do you consider Bell Telephone Co. common stock a sound investment? What is the book value of the stock?

Bell Telephone Co. common stock has an excellent investment rating. From 1891 to 1931 inclusive the company paid 8% annually. In 1932 it paid 7¼%, and in the years 1933 to 1936 inclusive 6% was paid. Last year it paid 7½% and at the present time it is paying dividends at the rate of 8%.

The company is strongly entrenched financially, and has an excellent earnings record. Of course, profits declined during the depression, the low point being 1933, when earnings amounted to $5.62 a share on the common stock. In 1937 the company earned $7.73 a share. At the present time the stock is selling at $165 a share, while the book value is $100 a share.

Mercury Mills Bonds

Has Mercury Mills been able to maintain regular interest payments on its bonds? Can you give any indication of prospects for the rest of this year?

Mercury Mills has maintained interest on its 5½% first mortgage bonds to date although unable to show this fully earned after depreciation since 1929. Sinking fund, however, is in arrears from 1933. In 1937 the company experienced satisfactory business for the first eight months, but in the last quarter of the year a considerable falling off in prices seriously affected the company's earnings for the full period. As a result the company was only able to earn its bond interest 1.09 times before depreciation and .49 times after this charge.

Judging from the company's record over the past few years it is going to find considerable difficulty in re-establishing any substantial earning ability. In the first half of 1938 it is understood that earnings were down a little from the corresponding period a year ago, but it is not believed that this was sufficient to endanger the continuation of bond interest payments.

Anglo-Can. Drugs

I hold shares of Anglo-Canadian Drugs, and am wondering how the company is progressing.

Anglo-Canadian Drugs is now managed by the Premier Trust Co., Toronto. At a meeting of the bond holders on May 27, 1938, the trust company was appointed receiver and manager. This action was taken to protect the security holder's interest, following the calling of bank loans, which the company was unable to meet.

The company was incorporated in 1934 and carries on a general drug and pharmaceutical manufacturing business and supplies surgical and medical sundries. Head office is in Oshawa, Ontario.

The only statement that we have of this company is a balance sheet dated Feb. 1, 1937. There are no earnings figures available. As at Feb. 1, 1937, the company's balance sheet showed current assets of $78,599 and current liabilities of $6,530. In addition to the general mortgage bonds of $75,000 the company's building was mortgaged for $8,000. Fixed assets are shown at $63,644 and total assets at $203,093.

After giving effect to a proposed financing programme, there would be 49,000 preference stock of no par value outstanding. There were also 21,000 shares of common stock of no par value offered. Of the former there were 79,000 shares authorized and 21,000 of the latter.

Officers and directors of Anglo-Canadian Drugs are: John W. Gordon, pres., St. Catharines; Bruce M. Gordon, vice-pres.; C. Scott Webb, sec., Oshawa; H. D. Nelson, Guelph; W. M. Clinger, Halifax, N. S.

Electrolux Corp.

Common stock of Electrolux Corp. appears attractive at present prices. Will it be able to continue dividends at the present rate?

As earnings are lower, total dividend payments by Electrolux Corp. will not be as large this year as in 1937. In the first six months, earning were equivalent to 98 cents a share on the common stock, compared with $1.30 a share in the same period last year. If as good a showing is made in the second half of the year there is no reason why the company cannot continue its present quarterly dividends of 40 cents a share. Last year, however, it made three extra payments of 10 cents each and one extra payment of 30 cents, bringing total dividends for the year to $2.20 a share. This year to date no extra payments have been made.

The decline in earnings this year has been due to lower volume of business as a result of the current business recession. If business in the United States improves, then the company should benefit, just as it did in the period 1933 to 1937. The company enjoys a strong financial position, working capital amounting to $4.3 millions. It has no funded debt or preferred stock outstanding.

Great Lakes Paper

What is the position of interest payments on Great Lakes Paper bonds, how many bonds are outstanding and what is the equity behind each $1,000 bond? What are the prospects for earnings this year?

Regular interest on the 5% first mortgage 20-year sinking fund bonds of Great Lakes Paper Co. was resumed on Oct. 1, 1937. Interest which was due Oct. 1, 1936, was paid July 2, 1938, and the interest to April 1, 1937, will be paid July 2, 1939. Interest on the deferred bond interest will also be paid at the rate of 22 cents for every $2.50 interest postponed Oct. 1, 1936, and 28 cents for every $2.50 postponed April 1, 1937.

There are authorized, issued and outstanding $6 millions of these bonds and in addition deferred bond interest and interest accrued thereon amounted to $155,625 at Dec. 31, 1937. Equities per $1,000 on these bonds was $2,305 at the end of 1937.

Net profits, after depreciation and bond interest for the six months ended July 1, 1938, amounted to $41,308, compared with $116,991 in the corresponding period of 1937. During the period, the company's shipments of newsprint declined 32% compared with a year ago, which increased costs and therefore reduced profits.

Shipments of the Canadian newsprint industry as a whole decreased 38% during the first six months of the year. It is expected that the last half of the year will show a greater profit than the first due to anticipated better business conditions and to savings made by the company in water shipments which are expected to reach their maximum in the summer and fall months.

Capital Trust

Is the Capital Trust Co. under "Government protection."

The Capital Trust Co., Ottawa, has been in business since 1913 and is subject to the same inspection and regulation by the Government as are other trust companies. This inspection, however, does not amount to "Government protection" as you suggest. It is merely a supervision which is exercised over all trust companies to make sure that they come up to certain standards which are established by law. Capital Trust Co. has been showing larger earnings each year for the past several years, but recently stopped payment of dividends to its shareholders for the purpose of increasing its reserves against losses. This, however, would not affect persons having money on deposit with the company and as a matter of fact, should strengthen their position. The Capital Trust company is one of the medium sized trust and loan concerns in Canada.

Orange Crush

Could preferred stock of Orange Crush, Ltd., be regarded favorably as a speculation?

Orange Crush, Ltd., for the first nine months of the year ending October 31, 1938, has been able to report an increase of 25% in net profits. In this first nine months the company has more than covered the full year's dividend requirements on its preference stock. Dividends are 70c. a year on this stock and have been paid regularly since they became cumulative. The company appears to be making good progress in establishing a reasonable earning capacity but its field is intensely competitive. This year, in one form or another, price cutting has entered the picture. The stock is not very actively traded, and this would take away from it value as a speculative medium.

A Voice from the Maritimes

Rejoicing and Gloom

Maritime Universities Celebrate — Depression in Mines, Fisheries

By HERBERT L. STEWART

Conspicuous among the signs of Nova Scotia gaiety this summer has been the celebration of two centennials. Just one hundred years ago Dalhousie University (whose first tentative charter had been framed in 1820) began her task of continuous teaching; in 1838 also Acadia University, Wolfville, was founded. Reunions of alumni on a great scale have revived on each campus the memories of academic service; from all parts of the continent the returning graduates, exchanging personal reminiscences and experiences at the old familiar spot, have brought this August to Acadia and to Dalhousie the thrill of a reunited family.

Side by side with such festivity, and challenging one's right to be gay, there is the sombre portent of the coal mines, with the record no less sombre of the fishing industry.

* * *

Dozen Maritime Colleges

There are a dozen degree-granting institutions in the Maritime Provinces, for a population of less than a million people, and this is indeed—in a sense—scandalous. But in another sense it is creditable. "Mergers" may promote efficiency: they are more likely to be adopted, in matters where production for material profit is not concerned, because they will save money. In this case the readiness to establish and continue institution after institution, though on terms more expensive than those a merger would have rendered practicable, was due in part at least to a disdain of "mere finance" where such interests as these were involved.

Make all the allowance you will for sectarian narrowness, and the local pride, or even the local advantage, of a town in which an educational institution has become rooted. Beyond such causes, which were not without their effect in creating that strange "educational situation of the Maritimes" which the Carnegie investigators 16 years ago found it so hard to explain, there has been this Maritime peculiarity: when you speak of educational reform in terms of economizing, or in any of the categories of commercial adjustment, a Maritimer is at once on his guard. He suspects that some kind of sacrilege is being suggested to him. And he suspects himself for even initial hospitality to the scheme.

I make no defense for such an attitude: but for it, we should not be burdened with some of our present educational difficulties. On the other hand, but for the ways of thinking of which this is a sample (no doubt an extravagant, but a genuine, sample), the Maritimes would not have the educational leadership they have so long enjoyed.

* * *

Built Without Money

At Acadia, on August 25, to an audience which thronged its magnificent Convocation Hall, the story was once again told of humble beginnings for "the only university in Canada built without money and founded purely upon faith." They were told of the initial faculty of two persons, with an initial enrolment of 20, and of initial funds coming from the sale of knitted socks, homespun cloth, butter, eggs and lumber. Like many another first enterprise in higher education, this was a church enterprise.

If then, side by side with the founding of a Baptist college at Wolfville in 1838, might be seen at Halifax the opening of the doors of Dalhousie to students quite irrespective of religious creed, what is the inference to be drawn from the success—at its highest point after a hundred years—of each? Graduates returning last month to each, and comparing what was before them with what they remembered, felt a glow of delight in the new and incomparably finer equipment with which the old spirit has now to work.

Both have notably served the province. Both, as the records quoted at the centennial showed, have trained men and women for such positions of mark and influence all over this continent as continue to justify Maritime pride.

* * *

Trouble in Coal Mines

But the note of congratulation at Nova Scotian centres of learning was accompanied, these last weeks, by a very different note from other centres. Turning from the record of a century to the facts of today, and from the training of students in the past to the economic life of the homes from which many students must come, what do we find?

Every textbook of Canadian geography will tell you that Nova Scotians are occupied, for the most part, in coal-mining, fisheries, agriculture, lumbering. From areas dependent on the first two of these industries, no small part of the student population has always been drawn. What is the report just now from colliery towns? From fishing villages?

The United Mineworkers convention has been sitting at Truro, in an atmosphere of distress that borders on despair. It has had to listen to a tale of abandoned mines and ruined communities, of appeals met with the insuperable objection that a company cannot continue to pay for the mining of unsaleable coal, and that many a Nova Scotian mine economically effective in the past is now quite unable to compete with foreign rivals whose operating cost is so much lower.

The Minister of Mines warned a deputation that "dealers will buy foreign coal as long as it can be had cheaper than domestic products." The Thorburn mine, at the moment most in the public eye, is but a sample.

* * *

Plight of the Fishermen

Another story is that of the fishermen, who are now telling the public their tale, on the chance that it may thus, indirectly but perhaps not on that account the less effectively, make its way to the ears of legislators. It is known, only too well, to the Nova Scotia public already what is the retail selling price of fish on the Atlantic seaboard. What will be new to most readers is the revelation that the price paid to fishermen varies from three quarters of a cent to a cent and a half per pound! Here is a news item:

"At Herring Cove yesterday, various catches of mackerel were made, ranging from 3,200 pounds to 2,800 pounds. The fishermen were offered one cent per fish."

At the same time the retail price of mackerel was 15 cents each, or two for 25 cents!

"Another fisherman who came in from his herring nets after toiling since the early morning hours was offered 75 cents a tub. He said there were some 20 dozen herring in a tub, yet the consumers are being asked to pay 10 cents for three herrings."

In this correspondence I argued, some time ago, that a marketing board, such as the British North America Act does not allow the Dominion to set up and to operate, should be brought somehow into activity in the interest of the fishermen. As things stand at present, we are sure to be presented with an argument that this gigantic "spread" between what the fisherman receives and what the retail buyer has to pay is inevitable, in view of—this or that or the other "processing" necessities. If, as things now stand, it is impossible for the fishermen to get such recompense as will enable them and their families to live, why it is obvious, surely, that things must be made to "stand" otherwise.

In like manner, if it is now impracticable for the Dominion to impose such conditions for the import of foreign coal to Nova Scotia as will effectively prevent the local mines from standing idle while coal is brought from a point over 2,000 miles away for use in a Nova Scotian home or factory, this relief must somehow be rendered "practicable," or else the social security of those deprived of the means of livelihood must be otherwise established.

Is it unreasonable for the Nova Scotian miner to ask that a tariff law which, times without number, has been used "in the general Canadian interest" to the disadvantage of his province should, this time, be used for its profit?

* * *

Need For Overhaul

These are samples of the urgent necessity for an overhaul of every detail of Dominion-provincial relationship. Whether the trouble of adjustment springs from a remediable defect of the B.N.A. Act, or from a lack of sympathetic inter-provincial knowledge, the first need is for clearer and fuller insight into the inadequacies of the 70-year-old machine.

And yet, every now and then, some province intimates that it will not in any way co-operate, or that having begun co-operation it will cease to co-operate, in bringing the essential facts to light! Could any policy be more misguided than that?

New Books . . . .

Statistical Annual

THE CANADA YEAR BOOK—Published by the King's Printer. Price $1.50. A limited number of paper-bound copies for teachers and ministers, price 50c.

This official statistical annual of Canada now extends to almost 1,200 pages. It deals with all phases of national life and more especially with those lending themselves to statistical measurement. All different branches of production, trade, transportation, finance, education, etc., are covered and there is also an up-to-date account of the natural resources of the Dominion and their development.

Special features of the Year Book this year include an article on the Prairie Farm Rehabilitation Programme of the Dominion Government to handle the problems of drought and soil drifting in western Canada, greater space to labor legislation, labor and wages, and improvement in the chapter dealing with transportation and communications. Public finance has also been extended with statistics dealing with capital investments in Canada and Canadian investments abroad completely revised.

The Year Book is almost entirely the work of the Dominion Bureau of Statistics Branch and is authorized by the Minister of Trade and Commerce.

Canada's Great Schools

PRIVATE SCHOOLS IN CANADA. Edited by A. G. A. Stephen: Published by Clarke, Irwin and Co., Toronto.

Canada has a group of private schools, operated not for gain but in the service of the nation, that are creating a memorable but always living tradition. For boys alone, there are at least 16 of these schools in six provinces.

Their headmasters are combined in an association which has just undertaken the most meritorious project of a handbook providing all the information that the parent of a boy might like to have about each of the individual schools.

Edited by A. G. A. Stephen of Upper Canada College, Toronto, the book gives complete facts as to governors, regulations, fees, curricula, sports activities, school aims and ideals, etc. While labelled "Public Schools in Canada" the volume makes no attempt to cover the girls' schools of similar type, which suggests that the name is a little too embracing for the subject matter and might in subsequent editions be changed to avoid offense to headmistresses of equally fine private schools for girls.

The splendid objectives of the schools represent a high degree of uniformity. Appleby puts development of character ahead of a sound education; and in doing so speaks for most of the schools. All have substantial scholarships and prize funds available to encourage good scholars and assist deserving ones.

On the board of governors, which consist in such large degree of "Old Boys," are the names of many distinguished Canadians, giving evidence of the notable achievements of these schools, not only in setting high standards for Canada's entire educational system but in training leaders for the nation.

Our Mid-September Investment Booklet

CONTAINS a Review of General Conditions as well as a selected list of Dominion, Provincial, Municipal and Corporation securities. Kindly write or telephone WAverley 3681.

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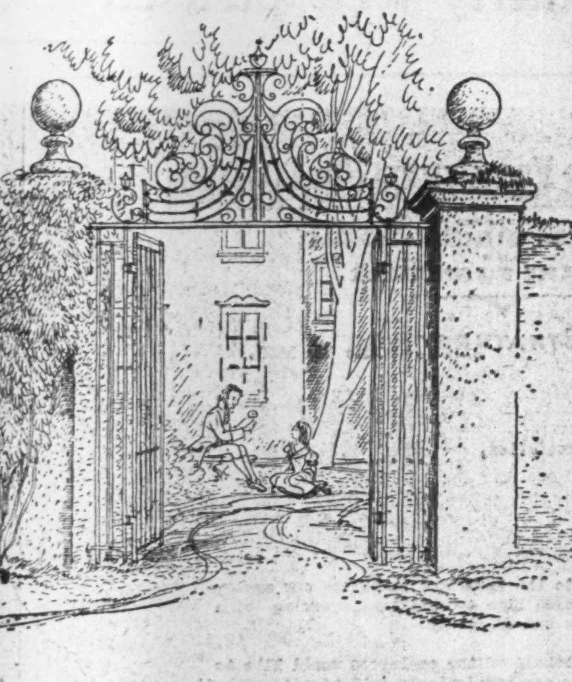
From common salt...

CAUSTIC SODA



"*My factory is established at la maison de la Seine, near Saint Denis . . . it is also near the port . . . enclosed by great walls, having its entrance on the paved road leading to Saint Denis . . .*"

THE description is by Nicholas Leblanc whom we may picture happy in his short-lived success, working long hours in his laboratory . . . taking pleasure and relaxation in walks about the garden cultivated within the walls . . . in the little lessons in horticulture and botany that he gave to his children.

Eighteenth-century France, as one of the foremost nations of Europe, consumed considerable quantities of soda in her glass and soap factories. The Seven Years' War brought an acute scarcity of this material and the Paris Academy of Science offered a prize for a practical method of making soda from common salt.

In answer to his country's cry of need Leblanc worked arduously and was finally successful in developing the method asked for. Capital for the building of a plant was supplied by the duc d'Orléans and soon the need was filled. Soap makers, who, among others, converted the soda into caustic soda, which is one of their principal raw materials, soon found this new so-called artificial soda better than the material which had been obtained by burning certain kinds of vegetable matter.

In his discovery, Leblanc became one of France's greatest benefactors. But, when the prosperity of the plant was just established, the duc d'Orléans was guillotined by the Revolutionists. Leblanc's patent was cancelled by the Comité de Salut Public, his factory confiscated and his process made common knowledge. Even the Academy prize, which he had fairly won, was never paid to him . . . but a mockery of compensation given him for his works and his process. In 1806, broken in health and spirit, in the bitterest poverty and despair, he died by his own hand.

Leblanc's pioneering efforts appear in strange contrast with modern Industrial Chemistry. Endless specialization and a magnificence of equipment testify to the vital importance of chemistry . . . to the appreciation accorded it by industry today.

Today, caustic soda is still made from salt. A process involving the decomposition of salt brine by electricity is employed by Canadian Industries Limited at plants strategically located to serve most efficiently caustic soda consumers.

C-I-L

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Insurance

New Insurance Tax Is Declared Unfair

Suggested Impost on Fire Premiums Meets Strong Opposition

Fire insurance companies doing business in Ontario are keenly interested in a petition which the Ontario Municipal Association proposes to present to the Ontario Legislature at the next session.

This resolution suggests that the Government should impose a tax on all premiums for fire insurance written in the province. The tax would be based on a percentage of the premiums and the revenue so obtained would in turn be forwarded to the municipalities. It would be used in connection with a pension and benefit fund for civic employees or to provide a portion of the cost of fire protection.

The resolution was based on one submitted to the association from the City of Niagara Falls which differed from the amended resolution in that it stated that the tax would be levied on all companies whose head office is not located in Ontario and that the revenue so obtained be in turn forwarded to the municipalities in connection with a pension and benefit fund for firemen. The tax would be in addition to those to which the companies are now subject.

An Amendment

The "elected representatives section" of the association amended the original resolution widening the terms to include all companies writing fire insurance in the province and making the proceeds available for the benefit and pension funds of civic employees rather than firemen only.

The whole plan was strongly opposed by Robert Lynch Stailing, manager for Canada of the Sun Insurance office, who spoke on behalf of the All-Canada Fire Federation.

Mr. Stailing took the ground that the proposed tax was discriminatory and unfair.

He pointed out that there was no more justification for imposing such a tax on the fire insurance companies than on any other group of companies.

The argument that the fire companies are interested in fire protection and should help to pay for it was met by the statement that it would be just as logical to ask the life companies to pay for the maintenance of sanitary services because they are interested in improved mortality or the casualty companies because they write burglary insurance and are interested in police protection.

Few Paid Fire Brigades

Another point brought out by Mr. Stailing was that the number of municipalities in Ontario maintaining paid fire departments was relatively small. Was it the intention, he asked, to pay toward the maintenance of these brigades and should the companies be asked to identify the proportion which each municipality should receive?

Mr. Stailing also asked why the companies should be asked to pay for pensions in municipalities where there was no fire protection.

It was later pointed out by Mr. Stailing that a similar suggestion had been investigated by a Royal Commission in England some years ago and was reported on adversely.

The resolution made no suggestion as to the percentage which should be levied. In the province at present fire companies are subject to a tax of 1¾% of gross premiums plus ½ of 1% fire marshal tax. In addition they are taxed by the Dominion Government on net premiums received in Canada.

Fire companies, it is stated, do not object to bearing their fair share of taxation but do feel that they should not be subjected to discriminatory taxes.

Insurance Notes

The Monarch Life Assurance Company has published a new agents' manual of policy rates and values, according to an announcement by G. C. Cumming, general manager. Many improvements and much new material has been incorporated in the rate book. A number of new policy plans have been included in the company's range of insurance and annuity policies. The new manual is printed in both French and English.

• • •

P. V. Bond C.L.U. has been appointed manager of the Winnipeg branch of the Great West Life Assurance Company. Mr. Bond first entered the life insurance business in 1918, joining the Great West in 1927 as agency supervisor at Winnipeg. He was appointed acting manager a year ago following the transfer of Manager C. F. Dunfee to another important managership in the company's Toronto organization. Mr. Bond has always been active in the Winnipeg Life Underwriters Association serving as president in 1935.

• • •

By a special "holiday" dividend at some time during the summer months on industrial policies, both policyholders and agents of the London Life Insurance Co. benefit. This dividend has the effect of cancelling one week's premium payments on all premium paying industrial policies, except those issued in the current calendar year. In other words the premiums are cancelled as though they had been paid although for the week no money is collected. This is additional to the regular dividends paid on industrial policies. It also facilitates the arranging of the industrial agents' summer holidays. Each year the industrial field staff is granted a 10-day vacation with pay and by arranging the application of the premium dividend to coincide with the holiday it is easier for the agent to get away. The company has 500,000 industrial policies in force.

• • •

For the third time the Canada Life baseball team has won the championship in the Toronto Financial Softball League. Players on the team are all representatives or members of the home office staff of the company. As three times winner of the Stone and Cox trophy, the Canada Life now holds that cup permanently.

• • •

Head office of the Halifax Fire Insurance Co. was recently moved from 91 Hollis St., Halifax, to the Maritime Telephone and Telegraph Building, 88 Hollis Street.

• • •

Gordon E. Findlay has been appointed manager for Canada of the Springfield Fire group of insurance companies in succession to his father, the late William E. Findlay.

C. H. Harvey has been appointed superintendent of agencies.

L. A. Brophy becomes office superintendent in the Montreal office.

• • •

A study of 1,000 applications made by E. G. Saunders, head of the policy department of the Canadian Life Assurance Company showed that 44.1% of the beneficiaries named were parents of the applicant. This is taken as an indication that a good portion of the present business being written is on young lives. An analysis of the applications shows the following percentages of the various classes of beneficiary: wife 25.6, wife if living otherwise children 3.7, parents 44.1, children .8, estate 17.4, miscellaneous 8.4.

Fair Enquiry Likely to Aid Life Insurance

Sun Life Head Sees Advantage in Publicity From U. S. Probe

"The social and economic system under which modern civilization on the North American continent has developed to its present high state, is the result of the labor and genius of the common people down through the centuries," declared Arthur B. Wood, president and managing director of the Sun Life Assurance Company of Canada at the Sun Life Agency conference held at Del Monte, Cal. this week.

"Modern industry is not devised for the benefit of the wealthy few. It is a significant fact that out of every dollar of manufacturing income, 84 cents goes to the employee leaving 16 cents to be shared by the inventor, the investor and others essential to successful operation. Critics fail to appreciate the essential part management plays in industry.

Value of Life Insurance

"Fortunately life insurance is not open to the same criticism as other businesses for, through the years, its representatives have been telling the public the story of this great enterprise, and so establishing public confidence. The value of life insurance to the individual is generally recognized as is its service to the community. It is still necessary to remove misconceptions in the public mind formed by the fallacious arguments of so-called councillors who make it their business to advise policyholders to cancel existing policies and to replace them by other forms offered as a substitute."

During the course of his remarks Mr. Wood referred to policy loan interest about which much discussion has recently taken place. He said that he shared the view of most life assurance officials, and strongly opposed any compulsory reduction of the policy loan interest rate.

Mr. Wood referred to the United States enquiry into life assurance companies.

"Why an investigation into any phase of life assurance should be necessary or desirable at the present time is hard to conceive," he said.

"There is no business in the world subject to as great publicity in regard to its practices, or which is under such close governmental supervision and inspection," Mr. Wood proceeded.

Possible Scope of Enquiry

"The chief purpose of this enquiry is to determine whether in the investment practices of life assurance companies the huge funds under their control are being used as an instrument of economic power. Whether the enquiry will be extended to other phases of the business is uncertain but any investigation of an impartial and unbiased character should not cause the life companies any concern apart from the expense and inconvenience to which they may be put.

"It would be unfortunate if the enquiry should develop along such lines as would raise misgivings in the minds of the public and tend to shake that confidence which they now enjoy. The publicity resulting from an impartial investigation should, however, further strengthen that confidence."

—Hudson's Bay Co. photo.

Canadian employers closely scrutinize the qualifications of job seekers.

Open Minded Hiring

Employers Wary of Rigid Preference For University-Trained Job Hunters

This is the second article of a series on the growing importance of personnel training in the business and industrial life of Canada.

By GUY S. CUNLIFFE
Staff Writer, The Financial Post

Despite the increasing value and respect attached to adequate schooling and higher education, the time has not yet come—may never come—when such training is regarded as an "open sesame" to the favor of Canadian employers.

Aside from those who have received highly specialized university training along technical and professional lines, it cannot be said that the high school graduate or college man enjoys a preferred position in the scramble for jobs.

In this regard, there is diversity of opinion. Some personnel experts systematically seek outstanding graduates of schools and universities. Others contend that the qualities required in recruited employees are not necessarily imparted and are often smothered by higher education.

There is, of course, a steady demand for university men with specialized training from companies requiring engineers, chemists and other technicians on their staffs, and for technical school graduates from firms requiring manual skill and craftsmanship in their operations. In recent years, similar training has come to be regarded as a desirable qualification of salesmen, foremen and other employees not actually engaged in technical work or craft jobs.

In the United States, recruiting of college men has been developed to an unusually systematic and intensive degree by such big companies as General Electric, General Motors, American Telephone & Telegraph Corp., and Goodyear Tire & Rubber Co. Some send representatives to major colleges to contact promising graduates-to-be, some send out booklets designed to attract the best men available, others closely check lists of promising students sent them by the college authorities.

In Canada, the recruiting has not been so systematized, but there is a steady gravitation into industry and business of college men, for technical jobs, office work and commercial pursuits.

Seek Basic Ability

It is significant that companies needing or favoring university men and those who do not, principally seek basic ability and primary training. They do not expect to get men fully trained for the particular work they are hired to do, or ready to step into sub-executive jobs immediately upon being employed. Among firms with various forms and varying degrees of employee training plans, noticeable emphasis is laid upon apprenticeship systems and after-hiring courses of special training for junior technicians or those deemed likely to make good sub-executives.

Worked out in particularly exhaustive detail are the apprenticeship systems of Canada's two major railway companies, which in normal times must be assured of a dependable supply of skilled craftsmen in the 10 or 12 trades involved in shop operations. According to an outline of apprenticeship training supplied by the Canadian National Railways, periodic checks are made to determine the number of vacancies occurring each year, and likely to occur over a period of years, in mechanical staffs due to deaths, retirements, resignations, dismissals and promotions. These checks, and a set ratio which limits the number of apprentices to one for every five mechanics, are followed in determining how many apprentices shall be taken on from time to time.

Each apprentice is indentured for a period of five years of 290 working days each, during which time he is put through a carefully mapped schedule of class instruction, home study, oral and written examinations, and actual work in the shops in the particular trade which the apprentice is learning. Some apprentices also study in university and technical schools, both before and after apprenticeship. A comprehensive system of reports by shop, district and general officers in charge of apprentice training, maintains a running record of both individual apprentices and the potential supply of trained men in each trade.

Practical Training

Training is in charge of a general supervisor of apprentice training and regional supervisors and examiners, with instructors at each of the main shops to direct training in the different trades. Applicants with less than two years of satisfactory work in high school or technical school are required to take company entrance examinations. The trades in which courses are given produce expert machinists, boilermakers, blacksmiths, pipefitters, electrical workers, sheet metal workers, painters, car maintenance men, upholsterers, molders, and patternmakers.

Class instruction embraces mathematics, mechanical drawing and trade theory. Instruction in trade theory is governed by company maintenance regulations in shop practice and by textbooks purchased from the International Correspondence School at Montreal. Each apprentice spends two hours a week in class on company time, and in addition must devote at least two hours of leisure time to home study. The cost of textbooks ($50) is deducted from his wages in monthly installments spread over the five years, but half of the amount paid is refunded on completion of apprenticeship if his marks average 75% or better.

The importance attached by most employing firms to good health, recreation and outside interests among employees, is reflected by the encouragement given through the C.N.R. plan to sports, social activities and trips to such places of interest as manufacturing plants.

At present there are 800 apprentices in training in C.N.R. shops, drawn from all parts of Canada. In conducting the instruction of these future craftsmen, railway officials feel that they are not only providing the company with soundly trained, expert workers, but are making an important contribution to the training of young Canadians. Apprentices usually get their training between the ages of 16 and 23 years, one of the most important periods in a young man's life. It is during this time that he begins to assert himself, to act and think for himself, to question home training and authority. Without proper guidance and beneficial occupation he may run into trouble.

Insurance Problems

Long vs. Short Terms

What is your opinion of term insurance? I have about $15,000 insurance in other types of policies and don't feel that I can carry more at present. An agent suggests term insurance that could be changed into another kind of policy later on.

Term insurance has its uses. Provided the buyer understands precisely what his policy gives him, there are many situations in which term insurance is a wise selection. But most life insurance authorities contend that term insurance can never prove a satisfactory substitute for more permanent insurance protection.

Some situations in which term insurance can be fully recommended are as follows: What is called "the double protection" policy provides that in event of death before a certain specified death, the family collects twice the face value of the policy. This offers special advantages for the man of young or middle years with a growing family. Today he may not be able to pay for ordinary life insurance in an amount sufficient to support his family in event of his death.

When the family is older, or self-supporting, and when the family income presumably is greater, there are modified benefits for the purchaser.

Term insurance is a wise part of a man's insurance programme when it gives the "family income rider." This fits in exceptionally well with the needs of the average family. By this means, a man can make certain that his dependents will receive a definite monthly income, with a lump sum at the end of the period, for a term as short as 10 years or as long as to the age 65. This involves taking a straight life policy with the rider attached. To produce the same income through ordinary insurance would cost considerably more. How well it served its intended purpose would involve reliance on beneficiaries investing with complete security and at the same time in securities giving a good yield.

Another place for term insurance is in protecting one's family against certain kinds of debt. Assume there is a $6,000 mortgage on a man's house. Paying off that mortgage might seriously embarrass his family after his death. A convertible term policy for as many years as the mortgage is to run gives the assurance that in event of his death, the mortgage will be paid off and the home cleared. If he lives beyond that time the term policy offers a fine opportunity for getting an extra amount of permanent life insurance because of its convertability and the ease with which you can divert revenue formerly paying off the mortgage to insurance.

Haire's Firm Lists Common

Home & Industrial Building Products Gives Details of Set-up

From Our Own Correspondent

MONTREAL.—Capital stock of Home and Industrial Building Products Ltd., has been called for trading on the Montreal Curb Market. The listing covers 177,530 shares of common with authority to add a further 89,675 shares upon official notice of issuance. Of the issued and outstanding shares 64,650 are held in escrow.

Authorized capital of Home and Industrial Building Products consists of 1,000,000 shares of the par value of $1 each. Of the 822,470 shares held in the treasury, 89,675 are covered by an underwriting agreement.

Assets Are Listed

The interim balance sheet of the company as at July 26, 1938, showed cash of $6,744. Accounts receivable appeared at $7,506 and consignment stock was shown at a cost of $6,204. Inventories of finished goods amounted to $14,783. Machinery and equipment accounted for $11,453 of the assets and automobiles, furniture, etc., $8,992. Property, patents and formulae were valued at $99,571. Current liabilities totalled $13,462.

The interim manufacturing, trading and profit and loss statement for the period from April 14, 1938, to July 26, 1938, showed a net loss of $19,877.

Home and Industrial Building Products is headed by R. E. Haire, of Toronto and Paris, Ont., and formerly associated with Gypsum, Lime and Alabastine (Canada).

Bell Telephone Co.

From Our Own Correspondent

MONTREAL.—The Bell Telephone Co. of Canada has notified the Montreal Stock Exchange that 576 additional shares of the company's capital stock has been issued in connection with the employee's stock plan. A total of 798,585 shares are now outstanding.

Benefit Plan Comes of Age

Bell Telephone Employees' Benefit and Pension Plan Completes 21 Years

Completion of 21 years operation of the Employee's Pension and Benefit Plan of the Bell Telephone Company of Canada, makes possible an appraisal of the results which have accrued to the plant.

Survey of the results is especially interesting as the Bell Telephone was among the first of Canadian organizations to put the matter of sickness-benefits and pensions on a scientific basis.

Since July, 1917, the Employees' Benefit Committee has considered some 47,851 cases which resulted in benefit and pension payments totalling $6,719,231 being made to sick, disabled or retired employees on an equitable basis according to service and wage histories, according to an article in the last issue of "The Blue Bell" the magazine of the employees of the company.

The greatest proportion (55%) of the total amount paid out has been in sickness benefits. In the 21 years, the committee has expended $3,685,765 on 40,400 cases of sickness of sufficient duration to come under the plan. Women were the chief beneficiaries with 30,498 cases against 9,902 men. The majority of the cases were due to ailments of the respiratory system such as colds, influenza, etc.

Pensions were the next largest item. As soon as the plan became effective, none old timers, eight men and one woman began to draw pensions. At present 417 Bell pioneers 223 men and 194 women are enjoying the reward for years of loyal service.

Altogether $1,882,803 or 28% of the total payments has been paid to retired members of the Bell family in service or disability pensions. In addition $73,045 or 1% has been paid atfer death of pensioners to dependent beneficiaries.

Accident Disability

Of the remainder $601,637 or 9% of the whole has been paid out for accident disability of all kinds; and $475,981 or 7% of the total for sickness-death benefits.

The company declared war on accidents in 1922 and since then the annual accident frequency has dropped from 45 per thousand male plant employees to about 6 per thousand. No effort is spared through improved methods, training and other measures to safeguard employees from danger. Since the plan came into operation there have been 3,104 accidents where in addition to other expenses wages were paid during the time lost, while there were 3,307 accidents where no time was lost and only medical expenses necessary.

There were 425 cases came under the heading of sickness-death benefits.

An interesting point is that no Bell woman has ever been killed accidentally while at work.

During the years that the plan has been in operation, the influenza epidemic of 1918 as well as the less severe one which came in 1920 caused heavy payments to be made. These and other occasions during the 21 years have given evidence of the efficacy and advantage of the plan.

Brintcan Buys Seagram Stock

From Our Own Correspondent

MONTREAL. — Distillers Corp.-Seagrams has accepted an offer from Brintcan Investments Ltd. to purchase 5,000 shares of cumulative 5% preferred stock with warrants attached at $100 a share U. S. currency, plus cumulative dividends from Aug. 1, 1938.

The warrants attached entitle the bearer to subscribe at any time on or before Oct. 31, 1941, for shares of common stock at the rate of one share of common for each share of preferred. The company has reserved 5,000 shares of common stock for issuance upon the exercise of the warrants.

This is the third time that Brintcan Investments has bought a block of 5,000 shares of preferred on the same terms. This company is the personal holding company of the Bronfman interests which control Distillers-Seagram. The purchases are made co-incident with the common stock dividend. Brintcan in paying $100 a share for the preferred is paying a high premium as the stock could be bought considerably cheaper on the open market. However, the purchase is made to maintain the cash liquid position of the company and as an expression of confidence in the company by the Bronfman interests.

The Wawanesa Mutual Insurance Company
Canada's Largest Fire Mutual

A leading All-Canada Company—in volume; in strength; and in service to "select" property-owners and agents.

Home Office, Wawanesa, Man. Eastern Office: York & Harbour Sts., Toronto. Branches in Vancouver, Edmonton, Saskatoon, Winnipeg, Montreal, Moncton.

FIRE, WINDSTORM, AUTO, CASUALTY

"I am Building Financial Security With My Insurance in The National Life" ...

M. Candide Rochefort, M.L.A.

Member of Quebec Legislative Assembly, for whom a brilliant political future is predicted. One of the successful younger business men, M. Rochefort is the head of two business firms and ex-vice-president of the Montreal Trades and Labour Council.

says Mr. Candide Rochefort, who has been a policyholder in The National Life Assurance Company of Canada for 12 years.

The world over—the men of tomorrow are today providing a bulwark of future independence through insurance. They know—these men—that while many investments may evaporate, a National Life policy will not only remain secure but will increase in value—a constant barrier against financial disaster.

DIRECTORS
H. Rupert Bain, President
Robert Fennell, K.C., Vice-President.
Col. The Hon. Herbert A. Bruce, M.D., L.L.D.
The Hon. Eric Werge Hamber
The Hon. David O. L'Esperance
Lieut. Colonel S. C. Oland
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Alfred Rogers, Jr.
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The National Life Assurance Company of Canada

Home Office Toronto

Established 1897

"Employees particularly well pleased . . ."

THE MIDDLESEX FURNITURE CO. LIMITED
MANUFACTURERS OF
BEDROOM, DINING-ROOM AND LIBRARY FURNITURE
STRATHROY ONTARIO

June 15, 1938.

The Confederation Life Association,
Head Office,
Toronto, Ontario.

Dear Sirs:

With reference to the insurance placed on our employees through the Confederation Life Association, covering death benefits and also sickness and accidents:

The writer, on behalf of the employees would like to state that they themselves are particularly well pleased with it.

Our employees fully realise that we are working in conjunction with them, paying a portion of the premiums. They know, too, that they are getting something that is of great benefit to them. Those who hesitated about coming in at the beginning have been only too glad to join up since.

We feel that in adopting Group Life insurance and the Sickness and Accident benefits, we are really doing something for the men in appreciation of their loyalty. It has certainly had an excellent effect. The men fully realise the benefits they are deriving.

The cost to them appeared to be so comparatively low that they, in some cases, were doubtful at first if the policies they received covered everything stated. The benefits have been paid promptly, however. The whole plan is extremely simple and there is very little extra work in the office to look after same.

Assuring you again of our appreciation of your adopted plan, we are,

Yours very truly,
THE MIDDLESEX FURNITURE CO., Limited
per: H. G. Mihell
Manager

HGM/IB

This letter from H. G. Mihell of the Middlesex Furniture Co., Limited, at Strathroy, tells its own story of employer-employee satisfaction with the Group Insurance service of Confederation Life Association. The Middlesex Furniture Co., Limited, whose products are favorably known from coast to coast, has Group Life and Group Sickness and Accident insurance to protect its employees.

CONFEDERATION LIFE ASSOCIATION
Head Office Toronto

MAKE YOUR FIRE INSURANCE pay you dividends . . .

BRANCHES ACROSS CANADA
Toronto, Hamilton, Ottawa, Montreal, Quebec City, St. John, Halifax, Moncton, Winnipeg, Saskatoon, Calgary, Edmonton, Victoria, Kelowna, Vancouver

Last year $1,291,497 was returned to our policyholders. May we tell you how you may participate in these dividends in 1938? Write or telephone our nearest office.

NORTHWESTERN MUTUAL FIRE ASSOCIATION
NON-ASSESSABLE POLICIES ASSETS $7,683,067

WESTERN ASSURANCE COMPANY
HEAD OFFICE TORONTO
ESTABLISHED 1851
FIRE • AUTOMOBILE AVIATION • CASUALTY MARINE

The Independent Order of Foresters
Monthly Income During Disability

Certificate Plan B: Issued by the Society affords outstanding protection. It provides an Old Age Benefit, payable in one sum, for the full amount of the Certificate, on the 60th birthday, or, payment in the event of death.

In addition, the Certificate provides a generous Disability Benefit of Ten Dollars a month, for each $1,000 of Protection carried. Payments of such benefit are not a charge against the Certificate when it becomes a claim, either as a result of death or old age.

The Certificate contains the usual automatic non-forfeiture privileges. Double Indemnity may be secured for the payment of a nominal sum.

FRANK E. HAND, *Supreme Chief Ranger.*
HEAD OFFICE, TEMPLE BUILDING, TORONTO, CAN.

Fire Insurance and Allied Lines
AGENCY INQUIRIES INVITED
NATIONAL RETAILERS MUTUAL INSURANCE COMPANY

United States Fidelity & Guaranty Company
TORONTO

Banking

Earning Power Big Item In Granting Bank Loan

In spite of changes which have occurred in the last few years in the economic situation, the lending of money continues to be the big function of the banks. Bank branch managers accordingly while broadening their interests materially have to keep before them the considerations which are important in making a loan. A number of factors have been laid down as of prime importance. Among them it may be noted are safety, profit, suitability.

Revenue as Well as Assets

The matter of safety should be judged in the first place by the branch manager and those at head office in charge of loans, not only by fixed assets which the borrower might have but by his ability to pay off the loan out of current revenue within a reasonable time. Sound business demands that a loan be paid from revenue not from capital assets.

The time for a loan to be paid off varies considerably with the nature of a business as in the lumber business for instance it takes a possible 18 months for the material to pass through the various processes after the trees are cut until it is actually sold. In the case of a retail merchant stock should be moved much more quickly.

For this reason the branch manager in making his investigations should not only get what information he can regarding the material assets behind the loan but also the probable revenue. In other words the profit and loss statement is just as important as the balance sheet.

After all the bank wants to be paid back in the same sort of money as it lent with a reasonable amount of interest. While it may accept certain assets as security it does not want to be forced to realize on those assets.

The head office official in conversation with The Financial Post, quoted an instance of a farmer who wanted to borrow $24,000 for buildings and improvement. He had a large farm with very little indebtedness. His position as far as fixed assets were concerned was good. But when he was asked for a statement of his revenues over the previous five years it showed plainly that he had not had a surplus which would enable him to pay off a third of the loan in a good average year. Even with the proposed improvements in his equipment there did not seem to be much chance of any great increase in his revenues.

A Suitable Loan

When the farmer's attention was drawn to the situation he realized that to borrow the amount asked was only going to put on him a financial burden which he might not be able to clear off in several years, especially if a bad crop came or prices declined sharply. He accepted a smaller loan and paid it off in due course.

The result was that both the bank and the farmer were the gainers by a loan which was suitable. Had the original amount asked for been lent it might have resulted in the long run in the farmer's fixed assets which were given as security having been attached.

The official quoted has had wide experience as a branch manager, as a district supervisor and in the head office. He felt very strongly that branch managers before recommending loans should ascertain not only assets but earning power. In this way they can make sure that loans are suitable as well as profitable and safe.

By doing so they save the borrower as well as the bank a great deal of trouble.

Bank Chat

The death of Harvey B. Henwood, vice-president and general manager of the Bank of Toronto, on September 11 removes one of the outstanding bankers of Canada. Mr. Henwood died at Lake Placid from a heart attack. He was in his 66th year. In 1888 he entered the service of the Bank of Toronto at Port Hope. Appointed manager at Barrie, Ont., in 1905, he became manager at Vancouver in 1909 and at Montreal in 1911. He was made assistant general manager in 1922 and general manager in 1928 being elected vice-president later. It was almost a year ago that Mr. Henwood took ill. Since then he has not been able to be at his office, his duties being handled by F. H. Marsh, assistant general manager of the bank.

* * *

Just before closing time on a recent Saturday morning a well-dressed visitor walked into one of the chartered banks in Chatham, Ont., and presented to the teller a pass book in the name of A. Walker showing $900 deposit and asked for the cash. The teller told him he would have to get the accountant's o.k. before he could get the money. The visitor asked: "Will I take it to Cameron?" The teller said yes and turned to attend to other customers.

Shortly after the visitor was in the line up again, this time with the pass book marked and initialed "A. C." The teller took this as acceptance by the accountant and paid out the money.

When the time came to check up the day's business the accountant spotted the fake passbook. The police were called in but Mr. Walker was not to be found.

* * *

Arthur C. Rowe, manager of the clearing house in Hamilton until his retirement two years ago, died in that city recently. The late Mr. Rowe came to this country from London, England, in 1878 as an employee of the Bank of British North America, later merged with the Bank of Montreal. He was stationed at Montreal, Ottawa and New York, as well as Hamilton, while in the service of the bank. Shortly after the close of the war he retired from the banking business, but later returned as manager of the clearing house at Hamilton.

* * *

That the silver-buying programme of the United States has not achieved the purposes for which it was designed is evident from a study made by the National City Bank of New York. This shows that despite the huge purchases of silver by the United States the total quantity is still below the required amount. China, the one remaining country using silver as a standard of money, meanwhile has been driven to a managed currency and is selling her age-old stocks of silver on the world market. The dream of re-establishing bimetallism, the bank teller states, has faded out forever, while efforts to raise the price of silver have failed when United States buying slackened.

* * *

Referring to Canadian banking a columnist of the Windsor Star said recently: "One reason for the Canadian banking success in the United States is that the Canadian branches confine themselves to banking. They do not traffic in side issues and try to unload portfolio securities on customers. The clients soon learn that and it gives them confidence in their dealings."

* * *

O. Henry, the noted American short story writer, was also a banker and—a banker who had a shortage in his cash. Only two men now living who knew the full story of O. Henry's difficulty and subsequent term in jail. In order, they say, to "make the record straight" they have now told the full story to The American Banker.

O. Henry, whose real name was William Sydney Porter, was teller in a bank in Texas in the 1890's There was a shortage in his cash but the president of the bank took the full blame on the argument that "we had really no system for handling cash." The incident seemed to be closed and the Grand Jury did not indict.

But a Federal bank examiner came along and insisted that the charge be pressed. O. Henry fled to Honduras. On his return he was captured and sentenced to five years as a federal prisoner.

It was in a prison cell that O. Henry began writing.

* * *

London bankers are not going to be caught napping in event of a possible air attack. In the financial section of the city every bank building is being or has been provided with two or three basements. At least two exits have been provided and the roofs have been made especially strong to withstand great pressure. As a further measure the banks, it is stated, have asked mercantile firms to decentralize their accounts among country branches. Strong rooms and safety deposit boxes are being constructed in other areas so that it would be impossible to damage all in one attack. Auxiliary telephone lines are also being laid and precautions are being taken against flooding of shelters below street levels by bursting water mains.

Bank of Canada Weekly Statement

Note circulation of the Bank of Canada increased by $7,377,000 in the week ending September 7, according to the weekly statement.

The increase was attributed to seasonal expansion in the demand for currency as well as to the fact that the week included the Labor Day holiday which probably delayed return of some of the outstanding notes to the bank. Dominion Government deposits were also higher by $5,451,000, while changes in other items on the liability side were of minor importance.

Among the assets there was an increase of $8,721,000 in the bank's holdings of Dominion Government securities, while holdings of foreign exchange were up by $4,425,000.

Balance Sheet

	Sept. 7 1938 $	Aug. 31 1937 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	168,747,877	161,370,739
Rest fund	1,348,415	1,348,414
Depos.: Dominion	18,244,031	12,792,515
Banks	202,779,813	202,249,883
Other	690,178	523,133
Total deposits	221,714,022	215,565,531
All other liabs.	3,466,810	3,842,149
Total liabs.	400,277,124	387,126,833
Assets		
Reserve: Gold	180,414,902	180,125,341
Res. in sterling and U. S.	32,175,350	27,750,120
Other curr.	825	825
Total reserve	212,591,077	207,876,286
Subsidiary coin	271,947	269,611
Investments:		
Dom. govt. short	131,437,217	121,648,350
Other Dom. govt.	48,966,110	52,033,858
Total invest.	180,403,327	173,682,208
Premises	1,682,883	1,682,837
All other assets	5,327,890	3,615,890
	400,277,124	387,126,832
Reserve ratio	54.44%	55.14%

Staff Changes

The Bank of Toronto announces the following staff changes:

M. D. Johnston formerly of the supervisors' department head office to be manager at Danforth and Dewhurst Blvd., Toronto, in succession to R. H. Hutchings.

R. F. Gowans formerly accountant at King and Bathurst Streets branch Toronto, to be manager at Mount Dennis, Ont., in succession to G. A. Langstaff.

A. K. Robertson formerly accountant at Yorkton, Sask., to be acting manager at Langenburg, Sask., in succession to N. Toland.

The Royal Bank of Canada announces the following staff changes:

A. S. McKAY, supervisor's department, Toronto, to be manager at Galt, Ont.

A. H. SUAREZ to be manager at Bayamo, Cuba.

G. V. S. SHARPE, assistant manager, Georgetown, B.G., to be manager at Kingston, Jamaica.

A. B. ROWAN-LEGG of Galt, Ont., retires on pension.

The Bank of Montreal announces the following staff changes:

W. H. RAIKES, assistant manager, Ottawa, to be assistant manager, Vancouver.

C. K. BELL, Inspection dept., western division, to be manager, Swift Current.

W. H. BEACOM, supt's. dept., Calgary, to be manager, Magrath.

R. L. BAILEY, Quebec credit dept., head office, to be assistant manager, Ottawa.

K. A. McNEIL, accountant, Kingsville, to be manager, Mildmay.

T. W. TOD, Quebec credit dept., head office, to be manager, Timmins.

R. E. DURLING, Supt's. dept., Toronto, to be manager, Dundas St. & Lansdowne Ave., Toronto.

D. D. TROTTER, manager, Hartland, to be manager, Perth, N.B.

R. C. MICHELL, Manager, Riverport, to be manager, Hartland.

C. A. SNELL, accountant, Moncton, to be manager, Riverport.

The Imperial Bank of Canada announces the following staff changes:

T. M. WOOD, teller at New Liskeard, has been appointed acting accountant, New Liskeard.

The Imperial Bank of Canada is opening a branch at Matachewan, Ontario, sub to New Liskeard, with N. M. PLANT as accountant in charge.

Boeing Aircraft Working on Order

May Have to Expand Plant If Additional Orders Secured

From Our Own Correspondent

MONTREAL.—Boeing Aircraft of Canada, Vancouver, is at present working on an order of 17 Blackburn Shark bombing planes for the Canadian Government.

This contract will keep the Vancouver plant busy not only for the remainder of this year, but also for most of 1939. The first plane of the present order will be completed by next December. After that, machines will be finished at the rate of one every two or three weeks.

At the present time the company is employing 200 men and its plant is practically at capacity. Should additional orders be secured, expansion of plant facilities will be necessary.

Boeing Aircraft is not one of the companies associated in setting up a central company to manufacture army bombing planes for the British Government. However, it is likely the company will receive orders from Great Britain. The British Government is considering placing orders with other than the central organization, and one of the plants specifically mentioned in this connection was that of Boeing Aircraft of Vancouver.

Rackets

Foreign Salesmen

Despite recent warnings against operations in Canada of unscrupulous agents of foreign concerns using misleading order forms, such commercial conjurers persist in their attempts to snare purchasing officials of Canadian firms into substantial orders on the pretext of providing sample shipments.

Recent warning published in The Financial Post against one variation of the racket produced revelation that similar agents had victimized businessmen in western Canada, and that at least six or eight salesmen of this type are "working" Canadian territory. A government department has been victimized as well as various firms.

Fresh warning has been issued by the Toronto Better Business Bureau against use of such methods, and purchasers are urged to make sure that contracts clearly indicate in English the amounts of merchandise ordered and of money to be paid. In some cases, two contracts are submitted to be signed—one in English and one in some other language. Oral assurance that goods are returnable turns out to be omitted from the contract, and quantities thought to have been ordered in pounds or feet turn out to be in tons or yards.

Foreign Exchange

Foreign exchange markets during the past week continued highly unsettled reflecting the European political situation. Sterling exchange slipped off to $4.80⅜ at New York on Monday with guilders, Swiss francs and the belga all being easier. Some support was evident in the French franc which, however, was also lower.

AT TORONTO AND MONTREAL

U. S. Dollar	High	Low
Sept. 12	1.00½	1.00⅜
Sept. 10	1.00⅜	1.00$\frac{5}{32}$
Sept. 9	1.00$\frac{9}{32}$	1.00¼
Sept. 8	1.00$\frac{9}{32}$	1.00¼
Sept. 7	1.00$\frac{9}{32}$	1.00¼
Sept. 6	1.00$\frac{9}{32}$	1.00¼

U. K. Pound	Closing	Last Year
Sept. 12	4.83	4.95
Sept. 10	4.83	4.94⅝
Sept. 9	4.83½	4.95
Sept. 8	4.84¼	4.95¼
Sept. 7	4.83⅞	4.95½
Sept. 6	4.83⅞	4.96

Other Currencies, Sept. 12

Australia	3.86¾	Italy	.0528¾
Belgium	.1691⅜	Japan	.2818⅛
Czecho.	.0346⅝	Jugoslavia	.0234
Denmark	.2157	N. Zealand	3.89¾
France	.0270⅞	Norway	.2427⅞
Germany	.4023¾	S. Africa	4.82
Greece	.089¼	Sweden	.2491⅛
Holland	.5412¼	Switzerland	.2268½
Hungary	.1992¼	Hong Kong	.3015
India	.3627		

Weekly Bank Clearings

	Sept. 8 1938 $	Change year ago %	Sept. 1 1938 $
Halifax	2,576,707	+16.7	2,310,812
Saint John	1,476,339	—10.8	1,666,845
Moncton	687,868	—12.2	590,465
Sherbrooke	688,587	+4.0	582,538
Quebec	3,653,986	—6.3	4,668,242
Montreal	90,391,067	+2.5	104,623,228
Ottawa	24,310,177	—6.0	13,716,504
Peterborough	583,986	+13.3	536,710
Toronto	90,740,315	+6.0	96,174,780
Hamilton	4,249,545	—15.3	4,349,074
Kitchener	918,321	—9.8	970,808
Brantford	788,758	+6.8	685,440
London	2,234,803	+10.2	2,062,322
Kingston	560,036	—0.6	490,577
Chatham	943,980	+92.6	344,480
Windsor	2,247,110	—0.3	2,311,251
Sarnia	437,297	—10.7	370,656
Sudbury	841,344	—5.5	1,100,065
Fort William	740,570	—4.7	691,460
Winnipeg	57,218,989	+38.7	38,250,747
Brandon	413,328	+23.1	341,847
Regina	6,112,951	+55.4	3,658,346
Moose Jaw	720,720	+34.6	563,992
Saskatoon	1,276,160	+1.5	1,141,370
Prince Albert	310,701	—20.6	267,078
Edmonton	3,592,814	+9.9	3,774,624
Calgary	4,960,570	+9.5	4,399,836
Medicine Hat	233,228	—8.3	154,988
Lethbridge	631,495	+15.6	475,256
N. W'minster	573,973	—11.0	542,302
Vancouver	14,213,445	—5.1	14,497,200
Victoria	1,560,385	+5.8	1,584,557

Claim Abuses Checked In Bankruptcy Cases

Men canot be legislated into paths of virtue, observes W. J. Reilley, Superintendent of Bankruptcy, but in his 1937 annual report to the Department of Finance, released last week, he does claim that considerable progress has been made, in eliminating fraudulencies.

Bankruptcies Decrease

Since the amendment to the Bankruptcy Act in 1932 total bankruptcies reported have amounted to approximately 7,400. There has been a steady decrease since 1933 with 2,604 in that year and only 967 last year. Almost 6,000 estates were closed with a total realization of approximately $13.5 millions. Total administration costs appeared high, amounting to slightly over 25% or $3.4 millions, leaving cash payments to creditors of approximately $10 millions.

Despite the fact that the amendments of 1932 are generally agreed to have speeded up the process of bankruptcy, there is still apparently considerable criticism in this regard. Of 85 complaints registered last year, 29 were on the ground of delay in winding up estates. There was less, but still considerable criticism regarding the inability to obtain reports and high administrative costs.

Abuses Checked

In commenting generally on bankruptcy administration since the amendments of 1932, Mr. Reilley reports:

"The Amendments of 1932 were introduced to eliminate the evils and abuses that had prevailed in bankruptcy administration for some years. Fraudulent bankruptcies, defaulting and absconding trustees, collusion and connivance between debtors and trustees, the solicitation of assignments, excessive costs, and unnecessary delays in the administration of estates were among the principal abuses alleged to exist. The practically unanimous opinion of the authorities consulted was the most effective remedy would be found in the licensing of trustees and in the supervision of their operations. Provision to secure this control was the most important change introduced by The Bankruptcy Act Amendment Act, 1932. The introduction of the licensing system and the appointment of persons of integrity and competence as trustees had as its immediate effect the eradication of the more serious abuses formerly complained of, most of which had resulted from the facility with which irresponsible and unscrupulous persons were able under the old system to inject themselves into the administration of bankrupt estates."

Says Costs Checked

Mr. Reilley maintains that close attention has also been given to the expense involved in bankruptcy proceedings and in the administration of estates. Prior to the introduction of supervision, cost had been found not only to be excessive in many cases, but to vary widely from one province to another and even in different bankruptcy divisions of some of the provinces.

Newfoundland Expects Larger Codfish Catch

Market Outlook Improves as Sales to Europe Increase

Present indications are Newfoundland's catch of codfish in the current year will be at least 150,000 quintals higher than in 1937 when it amounted to 970,000 quintals. According to an estimate made by the Newfoundland Fisheries Board, production of codfish to the end of August was 100,000 quintals higher than in the same period last year.

The bulk of the increase is due to improvement in the shore fishery. This is an important factor. It has been the shore fishery that has suffered most in recent years and there are a larger number of persons engaged in this branch of the industry than in others.

Output of the bank and deep sea fishery to date has been slightly lower than last year. However, the catch per man has been higher as there have been fewer engaged in this fishery. Returns of the Labrador fishery to date are too incomplete to make an accurate estimate, but indications are that the catch will be higher there.

Market Outlook Better

Early in the year the market outlook was particularly adverse, especially in view of the action of Brazil in putting prohibitive duties on imports of fish. Since then there has been improvement in the market situation despite prospects of a larger catch.

One favorable factor is that last year's catch has been disposed of so that there is no surplus hanging over the market. Forward sales to Portugal and Italy are both well ahead of last year. It is expected exports to these markets will show a substantial increase. Recently the sale of between 60,000 and 70,000 quintals of salt bulk Labrador cod was made to Italy. The sale of Labrador cod in salt bulk form to Italy is an unusual departure.

As to the price situation, the outlook is not entirely clear. One forward sale of 6,000 tons has been made by the Portugal Exporters Group Ltd. to Portugal at a slightly higher price than last year. In view of the general decline in commodity prices, however, it is not likely that lower prices will prevail.

In regard to the "real" return to the fishermen, it should be noted that prices of essentials such as food and clothing are lower than a year ago.

Italian Payments

For some time the government has been insuring payments for shipments made to Italy. Owing to the increasing delay in obtaining payment in sterling through the Anglo-Italian Clearing, the period of 120 days, after which the guarantee under the State Insurance Scheme becomes operative, was extended to 180 days for all policies issued during August. The premium rate has been temporarily reduced from 2% to 1½%.

Prospects are that the delay may reach six or seven months or even more by the end of December. For this reason the period specified in policies issued during September has been increased to seven months, the premium rate remaining at 1½%. Investigations are proceeding as to the possibility of reducing the delay.

Last year the Fishery Enquiry Commission recommended a system of government culling be instituted in order to improve export grades of codfish. A system of government culling is considered impracticable at present, the government has adopted a policy of the regulation of standards and strengthening of the inspection service. The Newfoundland Fisheries Board has been empowered to regulate culling, to license cullers, to withdraw licenses, and impose penalties for misconduct. Licensed cullers will not be government servants, but will be paid and employed by the merchants.

The government plans to expand its inspection staff. As soon as the new Fishery Research Institute building is available special training classes for inspectors and cullers will be commenced. It is not intended to make certificate of government inspection for exports compulsory as yet. The system will be introduced gradually and extended as the number of experienced inspectors increases.

Equipment Trust Bids are too Low

C. N. R. Silent as Regards Possibility of Calling New Tenders

From Our Own Correspondent

MONTREAL.—Bids submitted by two syndicates of investment dealers and banks for the Canadian National Railway equipment trust certificate issue were rejected as too low.

No information is available as to the composition of the syndicates or the prices offered. It is stated, however, that one syndicate's bid was above the other by a good margin.

No announcement has been made by the railway as to whether it intends to call for new tenders. It is probable arrangements will be made with the Federal Government to finance purchase of the equipment involved until such time as the certificates are sold.

The issue consists of $7.6 millions of 15-year 2¾% equipment trust certificates. It matures serially at the rate of $500,000 annually from 1939 to 1952 and $600,000 in 1953.

Jam. Pub. Service Profits Higher

Increase in Gross Revenue Partly Offset by Higher Taxes

From Our Own Correspondent

MONTREAL.—Earnings of Jamaica Public Service and subsidiary companies continue to increase. In July, operating revenue amounted to $78,552, compared with $72,116 in the same month last year. Net income for the month totalled $13,186, an increase of $2,137.

In the 12 months ended July 31 last, operating revenue amounted to $919,967, an increase of $41,208. Expenses also increased so that net income shows an increase of only $15,281 to $184,437. The main factor in higher expenses is increased taxation. Provision for taxes for the 12 months at $50,065, is $17,206 higher than in the 12 months ended July 31, 1937.

For the seven months ended July 31 last, net income amounted to $116,038, compared with $98,879 in the corresponding period of 1937.

Inter-State Royalty July Income $10,121

From Our Own Correspondent

MONTREAL.—Inter-State Royalty Corp. has advised the Montreal Curb Market that the company's investments in oil royalties had a book value of $1,156,758, as at August 31 last. Gross revenue from royalty income since acquisition amounted to $432,384, as of July 31, 1938. The reserve for depletion totalled $118,906.

In July, the company had a gross royalty income of $10,121. The accumulated gross income from this source for the first seven months of the year was $72,996.

International Foils Building New Plant

From Our Own Correspondent

MONTREAL.—International Foils Ltd., a subsidiary of British American Tobacco Co., has commenced construction of a new plant at Cap de la Madeleine, Que. The cost of the plant is estimated at $1.2 millions, of which about $400,000 will be spent for building, and $800,000 for machinery and equipment. Fraser-Brace Engineering Co. has the contract for [illegible]

Plans call f[illegible] plant by June 1, 1939. The plant will produce aluminum foil for export to the parent company in Great Britain.

Located in the territory served by Shawinigan Water & Power Co., the new plant will be an important addition to the power company's industrial customers. In fact, it will be one of the largest individual customers, as it will require about 2,500 horsepower.

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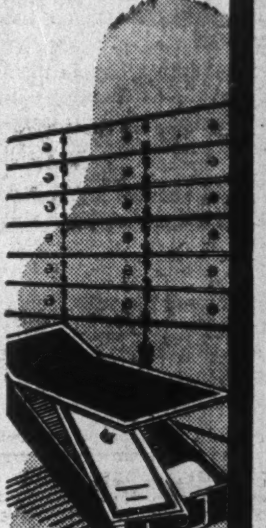
Bank Vault Safety



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PAUL E. McELROY
Advertising Manager,
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Skippy's terse, pithy expressions tell the Ethyl sales story in a flash. Day in and day out—24 hours a day—7 days a week—at a cost of 10.6c per thousand readers, he suggests greater motor satisfaction to the thousands of motorists who see his message.

POSTER ADVERTISING SELLS!
POSTER ADVERTISING ASSOCIATION OF CANADA

1832 1938

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On sale at every Branch of this century-old Bank.

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OVER A CENTURY OF BANKING SERVICE
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An Editorial

It Pays to Demolish

Even the Toronto Stock Exchange has got the "parking lot blues." This is a painful affliction suffered by owners of downtown properties in Canadian cities. Chief symptoms are a growing desperation over inability to rent or sell accommodation at the heart of business sections, bewilderment as to how tax bills are to be met.

To date, two remedies have been resorted to, both involving demolition of buildings. In some cases the cleared land has merely been left vacant and idle, reproachful blobs of stagnant property in tax-ridden communities. Other owners have operated auto parking lots, or rented their holdings for this purpose. It is the latter resort to which the Toronto Stock Exchange has turned in the case of the old Standard Stock & Mining Exchange building.

* * *

Built in the early years of this century, the structure is of substantial construction and dignified in design. For many years it housed the exchange facilities for Toronto's downtown telephone service. Soon after it was disposed of in 1928 by the telephone company, it was bought by the former Standard Stock & Mining Exchange.

After the Standard was merged with the Toronto Stock Exchange, the trading hall in the building was continued in use for trading in mining issues, until the Toronto Stock Exchange new building was opened early last year. From 1934 to 1937, it proved impossible to rent more than a portion of the surplus space in the building. For the past 18 months, it has proved equally impossible either to sell the structure or to rent sufficient of the building to cover taxes, let alone carrying charges.

In the past few years, the annual tax bills have been: 1935, $5,326; 1936, $5,445; 1937, $5,642; 1938, $5,229. Despite the reduction in this year's assessment and tax bill, in consideration of the abandonment and vacancy, total revenue for this year will fall several hundreds of dollars short of meeting the tax bill alone. Not more than one sixth of the whole building can be rented the year round, and this is eked out by rental of the top floor to a golf school during the winter.

On top of taxes, the Exchange has to meet charges for fuel, fire insurance, light, power, general maintenance, wages of staff, supplies, water rates, management, and carrying charges on the financing of the original purchase plus renovation.

The Exchange's problem has resolved itself into a simple matter of arithmetic. If the building is torn down the assessment will be reduced from about $155,000 to $95,000. On the reduced assessment, the taxes will be comfortably less than what the denuded property can be rented for as a parking lot. The Exchange will have no worries of management and no maintenance charges to face. So tenders have been called for wrecking of the building and bids for rental of the site as a parking lot.

* * *

In the problem of the building, taxation is not the sole factor. But there is no doubt that if municipal tax bills were not loaded with the cost of relief and other social services, there would be more incentive to owners of such commercial properties to reconstruct or replace them and thus give much needed stimulus to the construction industry.

Construction World

Low-cost Parking

A new method of garage construction that cuts the cost of providing parking accommodation for patrons of department stores, theatres, hotels, etc., in larger cities, is reported in a recent issue of Architectural Concrete, published by the Portland Cement Association. In effect, it strikes a compromise between the open parking lot with its exposure to all weather conditions, and the regular type of parking garage, with complete shelter and other facilities but substantial cost.

In the downtown sections of most large cities, on-the-street parking within reasonable distance of stores, theatres and hotels is woefully inadequate. Provision of free parking lots for customers is not always practicable and is never entirely satisfactory. Erection of parking garages or purchase of parking service from existing ones is apt to prove costly or necessitate charging customers for accommodation. The method described in the Portland Cement journal gives shelter comparing favorably with regular garages at two fifths the cost.

The plan calls for reinforced concrete garages several stories high, but with open walls instead of the masonry-window facades usually employed. This has been found to cut construction cost from $2.50 per square foot down to $1. Such garages have been erected by department stores in several eastern cities, in one case the space between floors being entirely open except for pillars at the corners of the building.

* * *

Lure for Home Builders

Winnipeg is prepared to take advantage of the National Housing Act provision for tax exemptions on low-cost homes built on cheap lots sold by municipalities, if and when this provision is put into effect by order-in-council. Civic authorities have approved a plan to make available 1,000 city-owned lots at $50 a lot to prospective builders of low cost dwellings, thus making houses built on such lots eligible for tax exemptions averaging 60% over three years. Under the Act, municipalities making such exemptions would be recompensed by Dominion subsidies.

In Windsor, proposal to offer city lots under a similar scheme was shelved, but it was decided to use one lot as the site of a model home to stimulate interest in residential construction and purchase under the Housing Act. Civic officials, business interests and construction men in Windsor have been making determined efforts to promote greater activity under the Act through a campaign of publicity, education and demonstration.

* * *

U. S. Building

With construction of the new Supreme Court Building at Ottawa, on which a start is slated to be made shortly, an important phase of the Ottawa beautification plan will be initiated. This will be construction of underground garages below or near the more important buildings, now existing or to be erected, in the central part of Ottawa covered by the plan. Announcement that the Supreme Court would have the first of such underground garages was made recently by Jacques Greber, Parisian town planner who drew up the scheme for replanning of Ottawa.

* * *

Housing Regulation

An important provision of the new National Housing Act passed at the last session of Parliament was the special encouragement given to the making of small loans for home building in what were designated as "small or remote communities." This applies also to certain districts of towns and cities, and is designed, chiefly by extended guarantees against loss, to overcome reluctance of lending institutions to make loans in districts where security for repayment is regarded as poor.

This created the problem of the communities and districts where the special guarantees and other inducements would apply. Following on proclamation of Part I of the Housing Act—dealing with financing of owner-occupied dwellings — this question has been cleared up by a supplementary regulation. According to a recent bulletin of the Canadian Institute of Plumbing and Heating, "small or remote communities" are to be deemed to include all areas in Canada, **excepting:**

Prince Edward Island—Charlottetown.
Nova Scotia—Halifax, Dartmouth, Truro, Kentville.
New Brunswick—Saint John, Fredericton, Moncton, Rothesay.
Quebec—Montreal, Mount Royal, Hampstead, Westmount, Outremont, Pointe Claire, Cote St. Luc, Baie Comeau, Sillery, Shawinigan Falls, Sherbrooke.
Ontario—Ancaster, Barton Twp., Brantford, Burlington, Cornwall, Galt, Hamilton, Kingston, Kitchener, London, Ottawa, Port Arthur, Port Nelson, Rockcliffe, St. Catharines, Simcoe, Stratford, Sudbury, Toronto, Etobicoke Twp., Forest Hill, Islington, Leaside, North York Twp., Scarboro, York Twp., Waterloo.
Manitoba—Winnipeg, Tuxedo.
Saskatchewan—Regina, Saskatoon.
Alberta—Edmonton, Calgary.
British Columbia—Vancouver, West Vancouver, Burnaby, Victoria, Oak Bay, New Westminster.

Special districts in certain communities are to include all areas in the communities named below **except** such areas in each community as are to be designated by the Minister of Finance:

Prince Edward Island—Charlottetown.
Nova Scotia — Halifax, Dartmouth, Truro, Kentville.
New Brunswick—Saint John, Fredericton, Moncton.
Quebec—Montreal, Cote St. Luc, Sillery, Shawinigan Falls, Sherbrooke.
Ontario—Ancaster, Barton Twp., Brantford, Burlington, Cornwall, Galt, Hamilton, Kingston, Kitchener, London, Ottawa, Port Arthur, Rockcliffe, St. Catharines, Simcoe, Stratford, Sudbury, Toronto, Etobicoke Twp., Islington, Leaside, North York Twp., Scarboro, York Twp., Waterloo.
Manitoba—Winnipeg.
Saskatchewan—Regina, Saskatoon.
Alberta—Edmonton, Calgary.
British Columbia — Vancouver, Burnaby, Victoria, New Westminster.

* * *

Concrete House Floors

Methods for adapting to house construction the combination of resilient tile with concrete foundation floor slabs, subfloors and joists, hitherto used chiefly in commercial and industrial types of buildings, are outlined in detail in a booklet just issued by Building Products Ltd. in collaboration with Canada Cement Co. It is claimed that concrete ground floor slabs resting on foundation walls and covered with tile flooring can be built at no excess of cost over that for wood joist and oak plank floors, with carpets or rugs.

Advantages of the concrete subfloor are said to include fire resistance, stability, isolation of basement noise, and dust reduction. Assets of resilient asphalt tiling include long, even wear, ease of cleaning, choice of a variety of color schemes, and quiet and comfort underfoot.

* * *

Insulation Board

So far in 1938, last year's level of sales of insulating boards has not been maintained. Total of approximately 27.6 million square feet for the first seven months of the current year is about a million below the corresponding period in 1937. In the important panel board line, however, extensively used for remodelling homes this season's sales are leading 1937 by a substantial margin. In plaster, roof boards and miscellaneous, however, totals are down considerably.

Comparisons with a year ago it should be remembered are with a season of unusual activity. Total sales for the whole of 1937, for instance, amounted to approximately 52.5 million square feet or about 25% more than in 1936 and double the sales of either 1935 or 1934.

Neon Products Earns Dividend

Consolidated Statement Shows 92c a Share on Common

Net profits of Neon Products of western Canada in the year ended April 30, 1938, were equivalent to $16.96 a share on the 3,600 shares of $50 par 6% preference stock and 92 cents a share on the 54,836 common shares. The latest report is the first time the company has issued a consolidated statement and an accurate comparison with the preceding year cannot be made.

The accounts of Ruddy-Duker Co., subsidiary, are included this year for the first time. Without this inclusion, the company earned $11.32 a share on its preference and 55 cents a share on the common in the year ended April 30, 1937. Dividends paid on each year were $3 a share on the preference and 50 cents on the common.

Commenting on the company's working capital, George W. Sweny, managing director, said that the size of the bank loan was a reflection to the relatively favorable sales position of the company. Capital investment in signs on rental increase as does business. The figure for Neon signs at cost, shown on the balance sheet at $373,476, represents the cost of assets which have been constructed on firm orders and are in process of liquidation each month. Contracts for these constitute the future revenue of the company and are being offset each month by new contracts. Without making allowance for these items the balance sheet shows current assets of $82,212 and current liabilities of $223,245.

Details of the income account follow:

Consol. Income and Surplus Account Year Ended Apr. 30, 1938

	$
Gross revenue	578,727
Less: Direct costs	329,163
Int. on pur. money oblig.	3,108
Amortiz. of signs	160,268
Income taxes	20,369
Amortiz. of rights	4,500
Deprec. of invest.	255
Net profit	61,064
Less: Preference dividends	10,800
Ordinary dividends	27,418
Surplus for year	22,846
Add: Previous surplus	37,199
Surplus forward	60,045

Note: Expenditures, partly charged to cost of signs constructed, include: Directors' fees, $730; legal expenses and collection expenses, $1,378; executive salaries, $10,000; depreciation of fixed assets other than signs, $12,444; real estate written down, $240.

Bank Loan Higher

At the recent annual meeting in Vancouver, Mr. Sweny, stated that the company's bank loan, which amounted to $145,000 at April 30 this year, now totals $180,000. A year ago it was intimated that should the increase of business be maintained directors would have to consider either increasing capital of the company or delaying payment of common dividends in order to build up working capital. It is now hoped that current revenue will continue on such a scale as to permit strengthening of working capital and reduction of the bank loan.

J. P. D. Malkin, president, told shareholders at the meeting that sales for the year ended April 30, 1938, of Neon and Bulletin contracts were up 53% over last year. The company's subsidiary, Ruddy-Duker Company showed an increase of 18.6% in sales volume. Sales since the end of the year in April are understood to have been maintained at about the same level as last year.

The new Carrier Air-Conditioning Department of the company, installed last year, resulted in a loss to date of just over $10,000. About $5,000 of this arose from a fire. All the loss to date has been written off and the management feels that this department can be carried along from now on more profitably.

New Building

Laurentian Life Insurance Co. reportedly is contemplating erection of an office building at Levis, Que.

Art Association of Montreal has awarded contract to **Anglin-Norcross Quebec Ltd.** for erection of addition to Art Gallery building.

Aluminum Co. of Canada is extending its sheet mill in Toronto to permit installation of heat treating equipment.

Steel Co. of Canada has awarded contract for $75,000 office building, insulated and air-conditioned, at its plant in Hamilton.

Canadian Industries Ltd. is having alterations carried out on the interior of its office building in Montreal.

John Evans, Toronto builder, has bought property in the north central section of the city as site for large apartment building to cost $225,000.

Ontario Home Builders, Toronto, has obtained tentative approval of authorities at St. Thomas, Ont., for project calling for construction of 32 low-cost houses on city-owned lots in St. Thomas.

S. W. Robb Co., Hamilton, Ont., have begun construction on five houses in programme calling for possible erection of 35 homes and expenditure of $85,000.

Vancouver Y. M. C. A. directors have called for revised plans for a $250,000 headquarters building, the campaign to raise $500,000 for a new structure having fallen short of its objective. It is expected work may start this fall.

Montreal Catholic School Commission has approved plans for expenditure of $1 million on new school buildings and additions.

Wentworth Home Builders Ltd., Hamilton, have drafted plans for erection of 27 houses, costing $2,500 to $3,000 apiece, at Burlington, near Hamilton.

City of Sherbrooke (Que.) officials are preparing to submit plans for the $750,000 power development contemplated by the city at Two Mile Falls.

Joseph Ryan, Philadelphia, has prepared plans for $300,000 resort development at Mont Tremblant, Que.

A. Deslauriers et Fils Ltée, Quebec has been awarded general contract for $67,700 Canteen Building to be erected at the Dominion Arsenal.

Dominion Construction Corp., Montreal, is awarded general contract for $234,000 on harbor improvements at Rimouski.

Scarboro Public Utilities Commission has called for tenders for a one million gallon water reservoir to cost approximately $50,000.

Site is being cleared for a new $53,000 customs building at St. Johns, Quebec.

Quebec City is considering construction of four concrete subways under the C.P.R. tracks in that city to cost approximately $1 million.

Reported by Engineering & Contract Record:

City of Nanaimo (B.C.) will seek a $200,000 loan from the Dominion Government under the Municipal Improvements Assistance Act, ratepayers having recently approved such financing for extension of the water main system.

Town of Rouyn (Que.) is seeking provincial approval for a scheme to spend $255,000 on waterworks and sewage disposal facilities, with the aid of a Dominion loan under the Municipal Improvements Assistance Act.

Brading Breweries Ltd., Ottawa, contemplates expenditure of $500,000 to $1 million in the future for a new plant to replace its existing brewery, site of which has been expropriated by the Government.

Carnation Co., Toronto, will make a start this fall on project for erection of $250,000 evaporated milk factory at Sherbrooke, Que.

Ritchie Cut Stone Ltd., Toronto, awarded contract of $400,000 for a technical school addition at Ottawa.

U. S. Interests Purchase Toronto Victory Building

Substantial further investment in Toronto real estate was signalized this week by sale of the Victory Building in downtown Toronto, only office building in Canada with complete air-conditioning and acoustical treatment of accommodation.

The 21-storey structure was acquired by Terminal Warehouses Ltd., operators of the large waterfront warehouse in Toronto built and formerly operated by Canadian Rail & Harbor Terminals Ltd. After being in receivership since 1934, the assets of the latter concern were acquired two years ago for cash considerations amounting to over $2 millions, by a group of Americans represented by H. E. Humphreys, Jr., of New York. Major interest in Terminal Warehouses Ltd. is generally understood to be held by a group of American industrialists.

Price paid for the Victory Building was not made public, but is reliably understood to be around $750-$900,000. Purchase involved acquisition of all bonds of Baymond Corp., holding concern for the building, from A. R. Roberts, of Toronto, president of the corporation, and assumption of outstanding mortgage indebtedness.

Original construction of the building was suspended after the stock market crash of 1929, and it stood unfinished for six years. Mr. Roberts bought in the uncompleted structure in 1936 for $115,000 cash, and with the aid of supplementary financing from a large insurance company completed the building for occupancy in May, 1937. Cost of completion is said to have been about $800,000, but because of the heavy cash investment by Mr. Roberts, cost of financing charges, legal fees, etc., amounted to only 2% of the total investment.

The building was 70% rented when opened, and occupancy since then has ranged between 95% and 100%. Management of the building will remain in the hands of Frank C. McLaughlin, head of the real estate department of Chartered Trust & Executor Co., Toronto, who negotiated the deal between Mr. Roberts and Terminal Warehouses Ltd. Acting for the last mentioned concern was Paul C. Jones, resident chairman of the board of directors.

Montreal Listed Stocks Average Yield is 5.28%

From Our Own Correspondent

MONTREAL. — According to a compilation in the "Monthly Review" of the Montreal Stock Exchange, the average yield on stocks traded on the Montreal Stock Exchange and the Montreal Curb Market is 5.28%, based on value of listings at the end of July and dividends paid in the 12 months ended July 31.

Yield by groups vary from zero on stocks of agricultural implement companies to 7.84% for oil companies. Breweries and distilleries are in second place with a yield of 7.21% and textile and clothing stocks in third place with 7% yield. The average yield for gold mines is 6.55%.

Agricultural implements stocks is the only group on which no dividends were paid in the period reviewed. The average yield on transportation stocks, however, is only 0.79%. The low yield for the latter group is largely due to the fact no dividends are being paid on Canadian Pacific Railway common. The utilities group shows a yield of 5.37%, pulp and paper 2.02%, automobile accessories 4.34% and banks and financial companies 4.17%.

Of a total of 503 stocks listed on the Exchange and Curb Market, 247 are dividend paying and 256 are non-dividend paying. The automobile accessories group is the only one in which all stocks listed are paying dividends. Eight per cent of the breweries and distilleries pay dividends, 76.5% of the miscellaneous industrials, 73.1% of the food stocks and 71.9% of the textile and clothing stocks.

Group:	Value of Listings of July 31, 1938	Divds. pd. Yr. ended July 31, 1938	Group Yield	No. of Stocks: Divd. Paying	Non-div. Paying	Total	% Paying Divds.
Agricul. implements	$ 17,926,738	None	Nil	...	3	3	Nil
Auto. accessories	54,625,240	2,371,036	4.34	3	...	3	100.0
Banks & finance	323,079,927	13,488,525	4.17	15	4	19	78.9
Base metals & misc. mines	1,393,669,885	57,921,919	4.16	11	20	31	35.5
Breweries & distil.	147,230,924	10,611,506	7.21	20	5	25	80.0
Construction	89,688,794	3,652,493	4.07	13	13	26	50.0
Food industry	73,322,600	3,634,744	4.96	19	7	26	73.1
Gold mines	591,690,596	38,767,292	6.55	27	66	93	29.0
Iron, coal & steel	68,467,239	2,660,756	3.89	6	5	11	54.6
Mill. & grain storage	29,668,809	1,176,252	3.96	5	7	12	41.7
Misc. industrials	196,418,723	8,056,884	4.10	13	4	17	76.5
Oils	967,031,652	75,792,190	7.84	15	24	39	38.5
Pulp and paper	169,409,235	3,416,442	2.02	8	23	31	25.8
Railway equipment	31,917,630	1,166,701	3.66	5	6	11	45.5
Other equipment	169,815,179	8,603,859	5.07	17	22	39	43.6
Retail trade	59,814,436	2,935,475	4.91	11	11	22	50.0
Textile & clothing	92,980,371	6,509,456	7.00	23	9	32	71.9
Transportation	112,082,600	882,978	0.79	4	5	9	44.4
Utilities	606,878,529	32,615,710	5.37	32	22	54	59.3
Total stocks	$5,195,719,107	$274,264,218	5.28	247	256	503	49.1

U.S. Liquor Sales Policies Criticized

Marketing Consultant Points to Peculiarities of Business

The distribution policies of the liquor industry in the United States has been the subject of an analysis and report by Paul T. Cherington, marketing consultant. Mr. Cherington is apparently rather critical of the sales policies of the distillers.

He summarizes the difference between liquor distribution and other types of selling as follows:

1. There is a latent hostility against the business on the part of the public which may result at any time in local or widespread abolishment.
2. Most divisions of the industry operate under severe restraint.
3. In the distribution of liquor, private enterprise and public monopoly are operating at the same time, even though not side by side, and neither has any ground for confidence in its permanency.
4. In both its public and private forms the business has outlaw competition.
5. The liquor producing and distributing businesses are, in effect, entirely new creations, only about five years old.

Mr. Cherington also has certain recommendations which he makes. Most of these are somewhat technical, having to do with prices and general sales policies. He is apparently in favor of greater uniformity in discounts offered and other matters.

Pac. Coyle Navigation Reports Loss After Divs.

From Our Own Correspondent

VANCOUVER.—Gross profit on operations of Pacific Coyle Navigation Co. was $42,063 for the first year since reorganization—the 12 months ended June 30, according to the annual report issued here at the company's head office.

Pacific Coyle carries on a general tugboat, booming and wharf business.

After general and administrative expenses of $21,872 and after adding miscellaneous income of $544, net profit for the year before providing for depreciation was $22,415.

After provision of this reserve and for the dividend paid Feb. 1, amounting to $13,203 at the rate of three cents a share, the deficit is shown at $18,257.

E. J. Coyle, president, says that the profit for the year accrued from operations during the first six months as in the second half of the year returns were unfavorable.

Canadian Marconi Awarded Contract

From Our Own Correspondent

MONTREAL. — Canadian Marconi Co. has been awarded the contract for the transmitter for the new broadcasting station of the Newfoundland Government. The contract stipulates the station is to be in operation within six months.

The frequency on which the station will operate will be 640 kilocycles.

Kensington Manor Unlikely To Make Interest Payment

Although the London and Western Trusts Company, receiver and manager for Kensington Manor Apartments, Windsor, has now accumulated enough funds to pay another six months' interest to April 20, 1932, with past due interest at 5%, it is doubtful if the funds will be used for this purpose. The receivers expect that this money will have to be applied on the purchase of new individual electric refrigerators to replace the present central system installed in 1924.

The gross revenue of Kensington Manor Apartments for 1937 was $14,955 against $14,138 in 1936. Expenditures totalled $10,224 for 1937 compared with $8,578 a year ago. If insurance is adjusted to an annual basis, but before providing for bond interest, depreciation, management, or legal expense, net revenue for 1937 was $6,138, an increase over 1936 of $563. Taxes are paid in full and the building is well rented, with a small increase in rates made last fall. Immediate prospect for further rental increases are not considered good.

As there are no further coupons attached to the $76,500 first mortgage bonds outstanding, it will be necessary in the case of interest payment, for bonds to be sent in for endorsement. Two coupons were paid in 1937, leaving interest due April 20, 1932, and later unpaid.

Ontario Steel Products Earns $25.40 on Pref.

Net profit of Ontario Steel Products Co. for the year ended June 30, 1938, was equivalent to $25.40 a share on the 3,603 preferred shares and $1.37 a share on the 48,440 common shares. This compares with $28.28 and $1.65 a share respectively a year ago.

The company paid 17¾% on account of arrears, in addition to the regular 7% preferred dividend, in the past year. This eliminated the remaining unpaid balance of arrears.

In order to meet changes in automobile design and take advantage of improved methods in operating processes, directors have authorized purchase of certain new equipment. Most of this equipment has been installed and a further estimated amount of $60,000 is required to complete the transaction.

In the year ended June 30, 1938, actual net profits available for dividends, after providing for income taxes and depreciation amounted to $91,520, a reduction of about $10,000 from the profits of $101,881 reported a year earlier.

United Amusement Earnings Down 8%

From Our Own Correspondent

MONTREAL.—Earnings of United Amusement Corp. in the current year to date are between 8% and 10% lower than the same period of 1937. This is partly due to a drop in summer business, as a result of unusually hot weather.

In 1937 the company earned $1 a share on its common stock, and paid dividends totalling 75 cents a share.

London, Ont.—During the first eight months of the current year $2.6 millions, or 72% of the 1938 city tax roll has been collected, an improvement of 1.1% over the corresponding period in 1937.

Is your plant handicapped by lack of Adequate Wiring? Are you prevented from making changes which would lower operating costs and step up production now? If so, an investment in a modern Wiring System using General Electric Materials will pay you substantial dividends. With Adequate Wiring, you can carry any load that may be required. You can rearrange your machines for most economical production, and quickly take advantage of new manufacturing processes, adding motors where required. And you can improve your lighting system, too.

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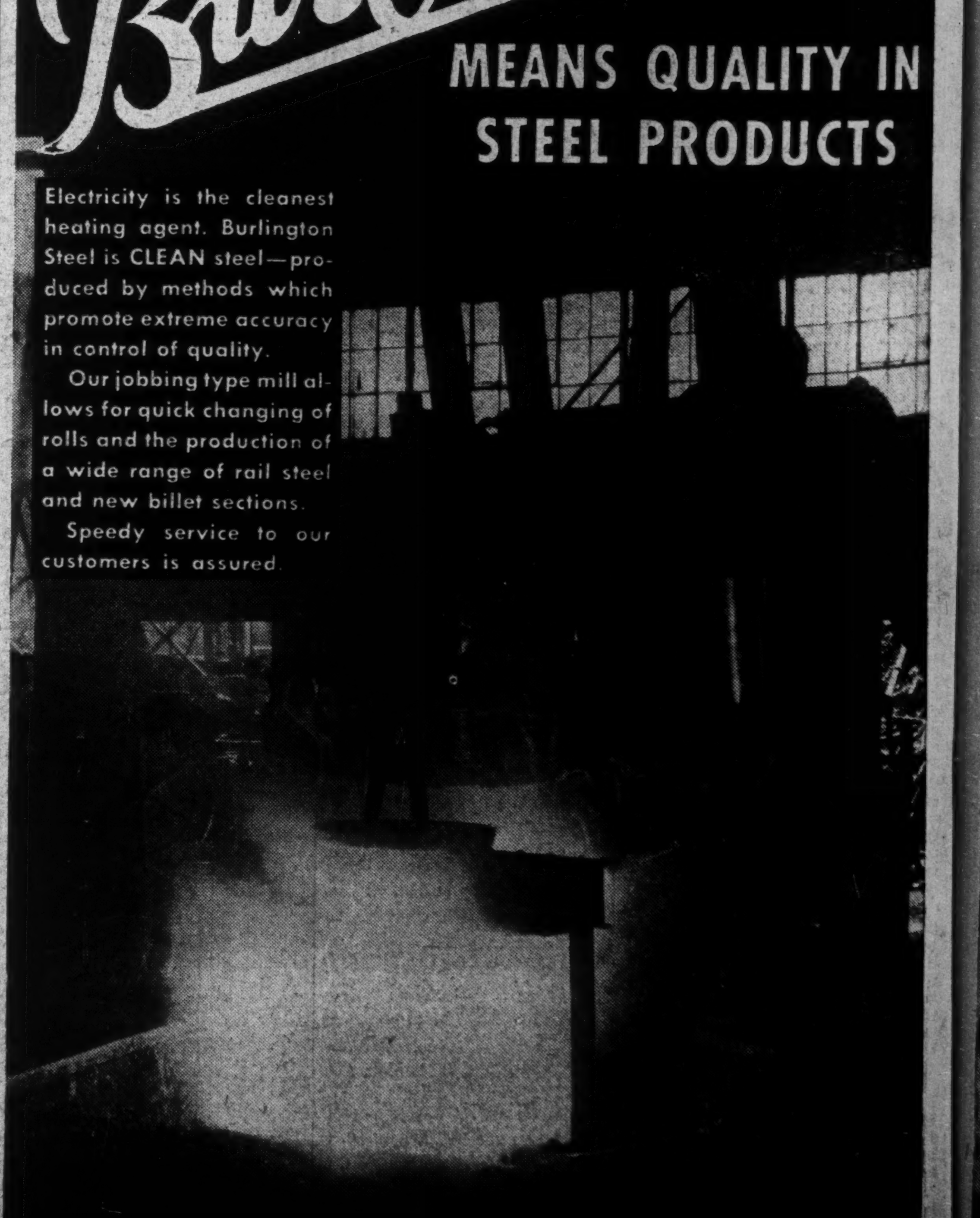
Geneva Reports on Pace Of Industrial Production

Index numbers compiled by the International Labor Office at Geneva and published in the new edition of its Year Book of Labor Statistics, show that in March, 1938, the latest month for which complete figures are available, industrial production in 12 countries was from 23% to 82% higher than in 1929. In eight other countries it was from 4% to 33.6% lower than in 1929. Canada is shown with a drop of 13.5%.

The greatest increase, 82.4%, occurred in Latvia; and the greatest decline, 33.6%, in the United States.

Countries besides Latvia, in which production exceeded the 1929 figure, and the percentage of increase given by the Year Book for each, are: Japan, 79; Finland, 58; Estonia, 50; Sweden, 46; Chile, 36; Denmark, 35; Hungary, 32; Roumania, 31; Great Britain and Northern Ireland, 23; Norway, 23; and Germany, 23. Countries besides Canada and the United States, in which production was lower than in 1929, and the percentage of decrease given by the Year Book for each, are: Austria, 4; Poland, 4.5; Czechoslovakia, 18; the Netherlands, 18.5; France, 21; and Belgium, 32.



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Telling the Textile Story

Problems of Industry Boil Down to Problem of Creating Better Public Understanding

By JOHN LANGDON
Eastern Editor, The Financial Post

Canada's textile industries — cotton, wool, real and artificial silks—represent a major economic force in the Dominion. Back of them is an investment of several hundred millions of dollars. They employ over 70,000 workers and each month distribute more than $5,000,000 in wages and salaries.

The importance of the textile industries is an accepted fact. Yet they lack the public goodwill that their importance or necessity justifies. Nor is there an investor confidence in this group that is given to many other industries.

Events over the past year have done little to dissipate this lack of confidence; if anything, it has increased. Practically every branch of the textile trade has been faced with labor troubles, strikes, damage to property, mills closed down.

Troubles Upset Industry

Many of these troubles may be symptomatic of labor unrest the world over. They have been ascribed to the influence of Communism, or Fascism. But the differences appear to go deeper, for the labor difficulties of the textile industries are not altogether common to other large employers of labor.

Then, too, there is the matter of foreign competition, Royal Commission investigations, tariff difficulties, threats of political interference. It is rarely, if ever, that the textile industries go through a year without facing some problem.

Naturally these disturbing influences do not make for confidence. Investors are wary about putting their money into an industry that is almost continually under the the public eye.

What are the reasons for this unfortunate position in which the textile industries find themselves? Are they making excessive profits as many interests contend? Is the tariff protection justified? Do the operators pay a living wage? Are working conditions satisfactory? Do the operators take advantage of the tariff? Do consumers pay too high a price for textile products in order to keep alive inefficient or overcapitalized mills?

The textile industries can never occupy their rightful position in the Canadian economy until these questions are answered to the satisfaction of the public.

To the argument that the industry is not indigenous to the country, the answer is simple. Very few major industries in Canada are indigenous. Where does the aluminum industry get its supply of raw material, the iron and steel industry, the oil refining industry, the rubber industry? The textile industries secure as large a share of their raw materials from within the country as these and many other industries. Yet very few claim that protection should not be afforded to these other manufacturing activities, simply because they are dependent upon other countries for their raw materials.

Operations Are Efficient

The many textile investigations by both tariff board and commission, have shown that operations are highly efficient. Further, investigators on behalf of the British textile industry admit that the increasing quality of the Canadian-made goods has deprived the Lancashire operators of a large share of the market.

The price at which the Canadian companies sold their output was investigated thoroughly by the Turgeon Commission. This body found that the prices of textile manufactures, with the exception of silk products, moved in much the same manner as the general level of industrial prices in Canada between 1930 and 1934.

Price Structure Comparison

In comparing the movement of Canadian prices with prices of the two main countries of supply—United Kingdom and the United States—the Commission pointed out that both these countries extended greater protection to their textile industries during the depression than they had previously.

It is of interest, however, to note the trend of prices in the three countries. Taking 1929 prices as 100, the Commission reports that for cotton fabrics Canada recorded a low of 75.1 in 1932 and in October, 1937, had recovered to 82.0. In the United States a low of 54.7 was reached in 1932 and 73.5 in October, 1937. However, in the last four years the average price index in the States was appreciably higher than in Canada. In the United Kingdom the low was 67.1 in 1933 and 77.3 in October, 1937.

For wool fabrics the Canadian index dropped to 73.1 in 1932 and in October, 1937, had recovered to 86.4. The United States reports a low of 59.0 in 1933 and 92.1 in October last year. The United Kingdom index dropped to 65.9 in 1932 and in October last had recovered to 81.5%.

The drop in silk hosiery prices in the United States was greater than in Canada. The Canadian index dropped steadily after 1929 and in October last was 67.3. For the United States the index touched a bottom of 47.2 in 1932 and by last October had recovered to 60.6.

The Commission further reports on wholesale prices in the three countries for cotton, wool and silk fabrics after adjustment for exchange fluctuations. This study shows that the price trend was not unfavorable in this country. At no time was the difference very marked and, in many instances, where a Canadian-made fabric sold higher than in the United Kingdom or the United States, the small differential could be accounted for by differences in wages, etc.

On the points of being a national necessity; efficiency of operations, quality of products, and price to the consumer, the textile industries have justified the protection accorded to them.

Labor Problem Important

But that is not all — there is the important question of working conditions and the treatment accorded to the personnel. Unfortunately it is not possible to reach as ready conclusions on labor.

The textile industries are concentrated in Quebec, Ontario and, to a lesser extent, in Nova Scotia and New Brunswick.

Textile Index

Acme Glove	19	Moodie, J. R.	15
Biltmore Hat	19	Montreal Cottons	14
Brant. Cordage	19	Mercury Mills	15
Bruck Silk	16	Monarch Knitting	15
Belding	16	Ont. Silknit	16
Celtic Knitting	15	Paton Mfg.	17
Cosmos Imperial	14	Penmans	17
Can. Wool Growers	17	Regent Knitting	15
Can. Celanese	16	Riverside Silk	16
Courtaulds	16	Stanfields	17
Can. Converters	18	Supersilk	16
Can. Cottons	14	Tip Top Tailors	19
Can. Cons. Felt	17	Toronto Carpet	18
Dom. Textiles	14	Tooke Bros.	18
Dom. Woollens	17	Woods Mfg.	18
Guelph Carpet	18	Wabasso Cottons	14
Hamilton Cottons	14	York Knitting	15
Harding Carpet	18		

The larger number of plants and workers are in Quebec.

Unfortunately relations between the operators and their employees have not been of the best in recent years.

Special Type of Labor

In order to appreciate the significance of recent troubles, it is necessary to know some of the background of the industry. The textile industries require, in the main, unskilled or semi-skilled workers. Manufacturing processes require chiefly deftness, speed and attention; rather than the exercise of muscular strength or the possession of high-grade craftsmanship. Hence one finds an unusually large percentage of female workers; also that the average age of the female and male employee is considerably lower than in other branches of manufacturing activity.

Then, too, because of continuous manufacturing processes hours are long. The 8-hour day is far from common. Until recently Quebec workers were on a 55-hour week. In Ontario the work week ranged from 50 to 55 hours.

Workers are paid by piecework, by the hour or on salary. The latter method applies almost solely to foremen, supervisors, technicians and clerical staff.

Differences Are Many

The disputes between the workers and the companies have centred around a number of factors. Higher wages have been sought, adjustment of standards for piecework, better working conditions and the right to unionize.

The textile worker the world over is notoriously low-paid. The Canadian mills are no worse than in other countries; in fact, are far better than the majority. Wage rates here are lower than in the United States. But they are higher than in any other country, including the United Kingdom.

Since 1936 there have been strikes in the Three Rivers mill of Wabasso Cottons; the Cornwall plant of Courtaulds (Canada); the Peterborough plant of Dominion Woollens and Worsteds; the Cornwall plant of Canadian Cottons; and at all the mills of Dominion Textile Co., to mention only the more outstanding cases.

There is no doubt that the revival of industrial prosperity brought in its train industrial disputes centring around the demand for higher wages and improved working conditions. It was particularly noticeable in the textile industries because of their failure to develop recognized methods of settling differences.

Fight for Collective Bargaining

The matter of wages and working conditions was only one phase of the labor troubles. The other side was the fight for recognition of the workers' rights to organize. It may be quite true, as is claimed by the operators, that the move came from professional organizers and was supported only by a small minority of the workers, who intimidated the larger number content with the existing system. Nevertheless this phase of the labor difficulties assumed considerable importance in every instance of recent labor disputes.

The textile industry in this country has stood throughout its history on a basis of individual as opposed to collective bargaining. The attitude of the companies is well expressed in the views set out by the management of Dominion Textile Co. in response to a request that the company recognize Les Syndicats Nationaux Catholiques. It was said the company had to meet international competition and could not commit itself to any agreement which would limit the management in meeting foreign competition.

Attitude Toward Labor

Collective agreements, the company said, are reasonably applicable only to such industries as the building trades or such types of manufacturing activity which are essentially local and which are marked by rapid changes in the competing firms. Such industries, it was contended, are the very antithesis of the textile industry which involves large investment in capital equipment which will not permit the plants to be shifted.

The attitude of Dominion Textile Co. to collective bargaining is supported by practically all operators in the industry. During the course of the Turgeon enquiry, C. R. Whitehead, president of Wabasso Cotton Co. said that he had no objection to the men joining a union, but "the board of directors refuse to recognize the union, any union." W. J. Whitehead, general manager of the same company, was more emphatic. He said: "The company will not enter into any agreement with any union whatsoever."

W. P. MacDougall, general manager of Belding-Corticelli, could see no objection to the men joining a union, but added that his company would hardly be prepared to deal with any organization, preferring to deal with the individual.

Jackson H. Marx, president of Associated Textiles of Canada, said he would not deal with the union as representatives of the workers unless he were "forced" to change his mind.

In Opposition to Trend

It is not the intention here to discuss the wisdom of the industry's policy in opposition to unionization. It remains to be seen if the industry is strong enough to fight against a trend that has become almost universal.

Regarded from the angle of public relations, the present policy is questionable. The welfare of the textile industries is dependent upon public understanding. Their goods are bought by workers in other industries who are unionized or by the public who are mainly sympathetic to the unions. At the same time the Provincial and Federal Governments recognize the right of the worker to collective bargaining.

The labor difficulties have been dealt with in some detail, for the purpose of showing the attitude of the industry on a highly important point in which the public has a profound interest.

Too Much Talk of Tariff

The tariff is the bugbear of the industry. The operators must have protection if they are to operate successfully and to give continued employment to many thousands of workers. Critics of the industry have harped on the tariff question for years. The matter has been discussed in every national political campaign for the last 40 or 50 years. Whenever a new trade treaty is negotiated, the textile industries come in for their share of attention. Nor have the companies been backward. Running through annual financial reports of nearly all the operators is the plaint that foreign competition is ruining the market and that protection must not be reduced or that more protection is needed.

Probably the industries have done more to keep alive the contentious subject of textile tariffs than any other force. Undoubtedly protection is needed yet the continual cry of "wolf, wolf" has raised a public doubt as to the sincerity of the cry. The doubt is not of the necessity of tariff protection, but whether or not the industry is hiding behind the tariff and making excessive profits at the expense of the public.

Textiles Not Favored

The textile industries are not the only manufacturing activity in this country protected by tariffs. Every industry of any size works behind a protective tariff wall, higher in a great many cases than that accorded to textiles.

It is questionable if any unbiased investigator can say that the textile industry is overprotected or that profits are too high in relation to the capital invested. The financial returns, as shown in the Turgeon report, are not excessive judged by ordinary business standards. As a matter of fact, they may be termed moderate.

Further, when it is considered that the industry is continually under pressure from the textile manufacturers in the United Kingdom, the United States and Japan; subjected to exchange fluctuations, dumping and the hundred and one influences of international trade, it cannot be said, if consideration is given to other factors, that the protection accorded to the industry is too great.

Why then should the textile industries be singled out for attack because of tariff protection?

Industry Needs New Policy

The answer probably is to be found in two causes: the constant reiteration by the industry itself of the need for protection and the failure of the operators to take the public into their confidence.

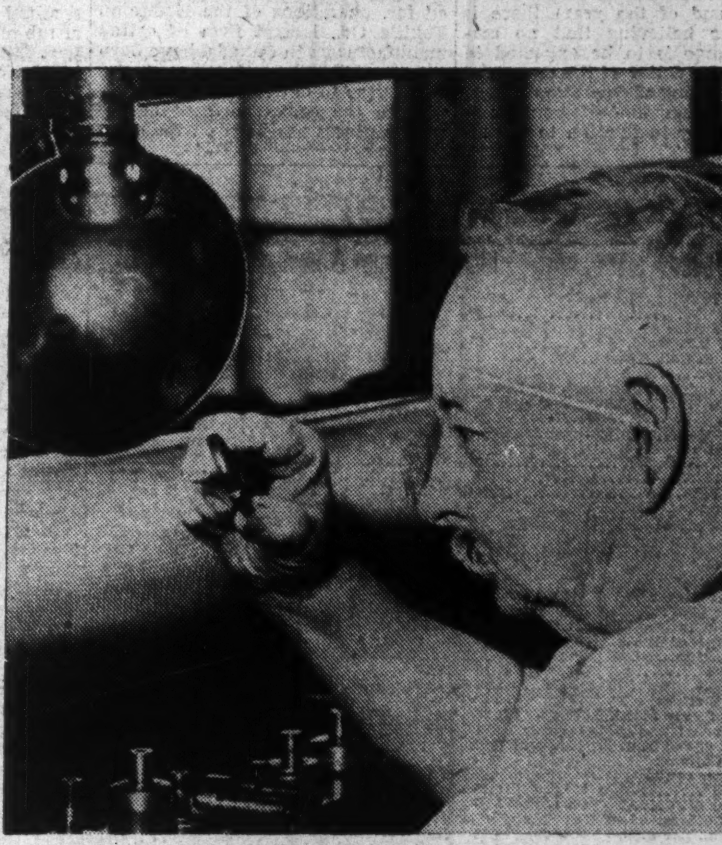
Year after year the textile operators devote the greater part of their annual reports to telling shareholders and public alike that they are suffering from foreign competition and that the tariff is only barely adequate or is too low. Is it any wonder that the question of tariffs is uppermost in the public mind? And when the shareholder and the public see that these same operators continue paying dividends, is it any wonder that they are suspicious? It is not that the operators are paying extraordinarily large dividends—for they don't—but if the continual harping on tariff and foreign competition is to be taken at its face value, then it is a wonder the companies are able to operate at a profit.

The attitude of the textile managements to the public is antiquated. Most of them believe that their only responsibility is to run their companies as efficiently as possible, pay a living wage to the worker, and distribute regular dividends to the shareholders. Twenty or 30 years ago that policy would have been heartily endorsed by the majority of industrialists. But times have changed and the modern industrialist realizes that the most valuable asset he can have on his books is public confidence.

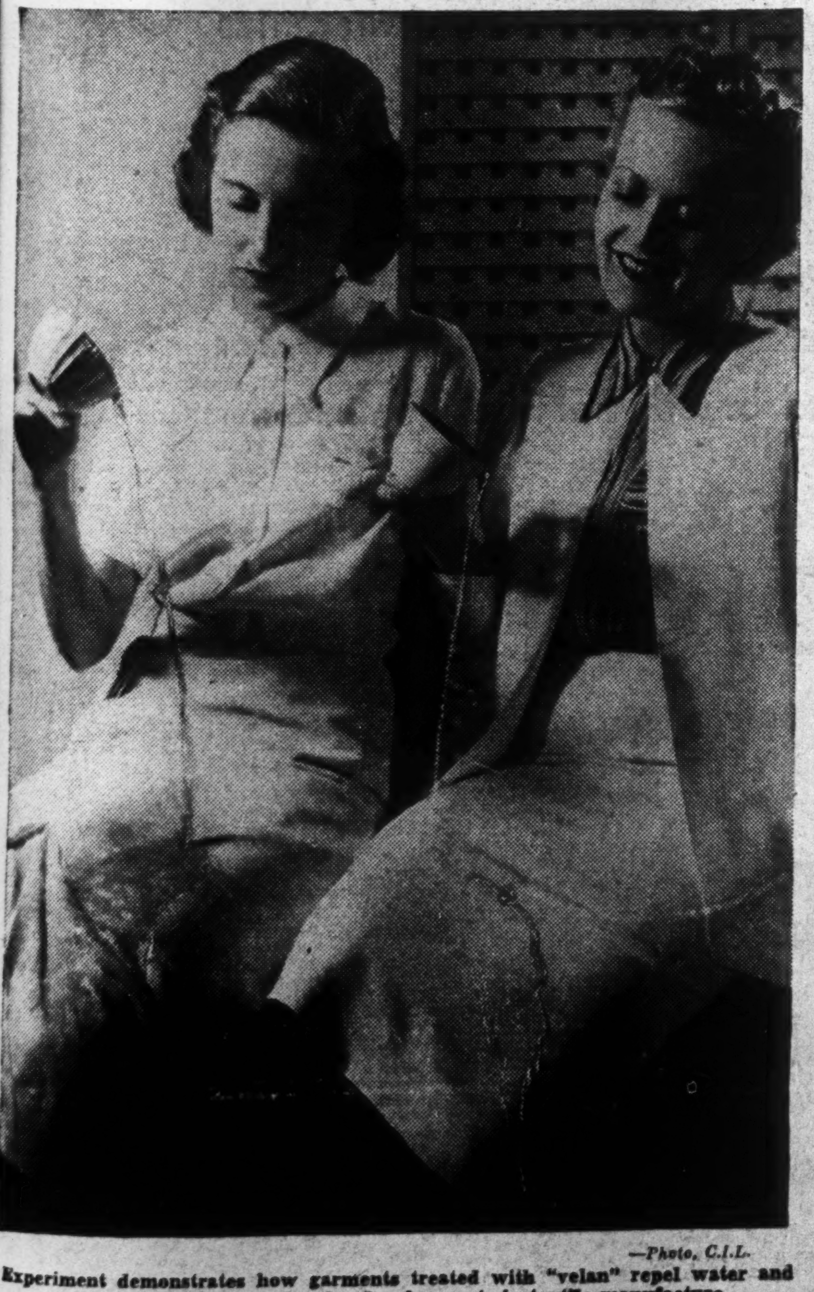
There has been altogether too much secretiveness in the Canadian textile industry. The fault has been inherited. Still if the industry is to take its proper place in the industrial life of the country and have the confidence of the public which has extended protection, then a more open policy must be adopted.

It is realized that all the troubles of the textile industries have not been touched upon in this survey. But big or small, they all boil down to the basic need of the industry undertaking to create a better public understanding. The industry has a sound story to tell. To date it has been badly told, because the public has not been taken into its confidence.

Skein of rayon yarn, ready for dyeing and further processing.



Cutting a design for shirtings on copper roll.



—Photo, C.I.L.

Experiment demonstrates how garments treated with "velan" repel water and stains—one of the spectacular developments in textile manufacture.

The Investor and Textile Stocks

Interest in the textile stocks has been inactive for some time past. On several occasions attempts have been made to stimulate interest, but the apathy of the investor to this group has been too difficult to overcome. The volume of trading is especially limited, and with the exception of one or two stocks, it is difficult to find an active market for the majority of issues.

It may be that the apathy toward this group of stocks has gone too far. The accompanying list of the more actively traded securities, their current market value and yield, clearly indicates that the investor can secure a well-above average return. The trend of values is not shown for the simple reason that there is relatively little fluctuation in these stocks from one month to another.

What interest there is in the textile group is purely an investment interest. The speculative attraction is nil. Considered from the former point of view the textiles are not without interest. Particularly is this the case for the investor who can reach his own conclusions regarding the investment merits of the textile securities. The common opinion is a negative one. Hence there is too much bias toward a group which has a better than passing record in the regularity of dividend payments and returns to the shareholder.

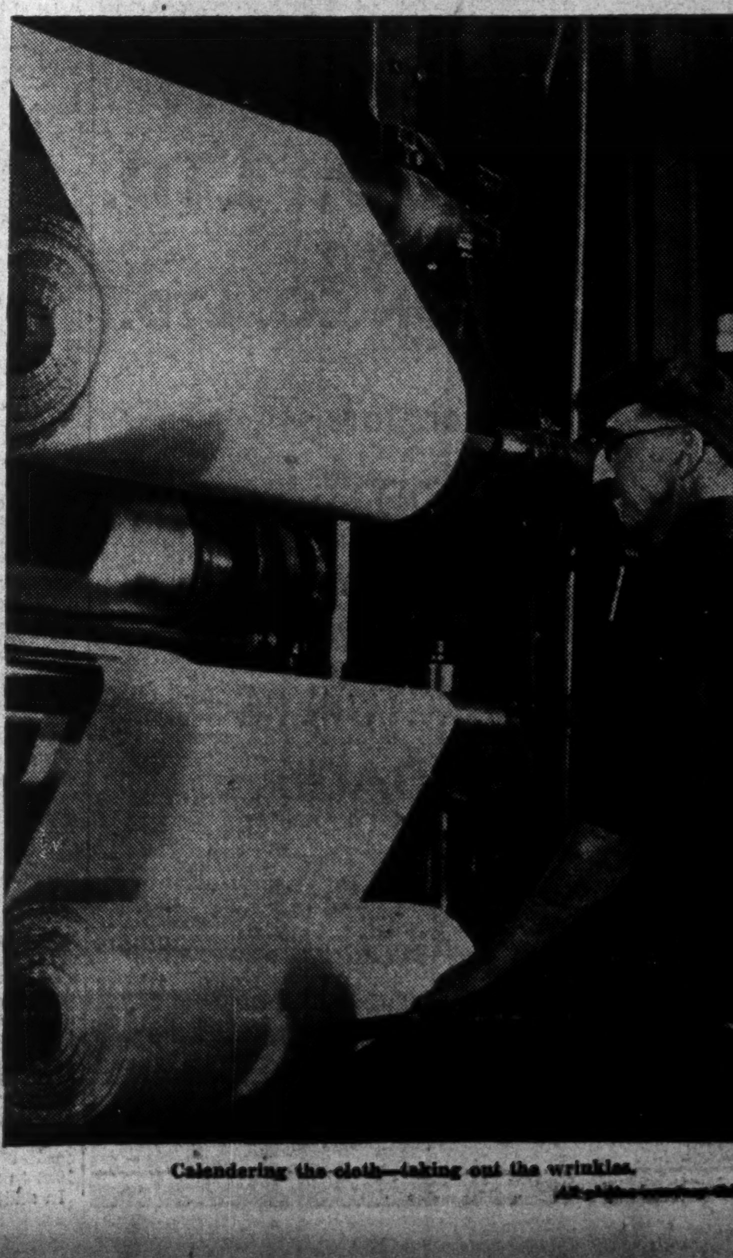
The older-line companies through years of prudent management, have built up quite substantial reserves. These reserves are in the form of cash, Government bonds or other high-grade investments and not always in inventories as is the case with many companies in other groups of trade. In good years and bad they have been able to pay dividends consistently. On occasions it has been necessary to reduce payments, but operators such as Dominion Textile, Penmans and others have never failed to pay a dividend. That is more than can be said for many other groups which enjoy a wider investor confidence.

For the investor or an estate which is locking for income, combined with a relatively high degree of stability in market value, the textile stocks are not without attraction. But there are good, as well as bad textile stocks and care is needed in making commitments.

No Speculation Now

Aside from the investment stocks there are a number of securities which have speculative possibilities. But this does not appear a particularly opportune time for speculation. The industry, as usual, has its problems. Currently the companies have to contend with a smaller volume of business, adjustment of prices, and the possibility of tariff changes in the coming U.S.-Canadian trade pact. The latter is causing uneasiness and acting as a brake on the whole industry. The expectation in the trade is that the United States will ask for tariff concessions on textile products in return for preferences on Canadian products going into the States. There is considerable speculation as to how far the Canadian Government will go in this matter and until the terms of the new trade treaty are known, the textile stocks—at least the more speculative issues—are being left alone.

	Issue	Current Price	% Yield
Acme Glove	Com.	5½	9.09
Belding	Com.	107	3.74
Do.	Pfd.	131	5.04
Biltmore Hats	Com.	7⅛	7.00
Bruck Silk	Com.	3¾	...
Celanese	Com.	13½	..
Do.	Rts.	16	6.25
Do.	Pfd.	95	7.37
Can. Converters	Com.	9	...
Can. Cottons	Com.	70	5.71
Do.	Pfd.	99	6.06
Cosmos Imperial	Com.	20	5.50
Do	Pfd.	104¼	4.90
Dom. Textile	Com.	65½	7.63
Do.	Pfd.	140	5.00
Ham. Cotton	Pfd.	31⅛	6.00
Harding Carpets	Com.	2¾	5.70
Mont. Cottons	Com.	50	4.00
Do.	Pfd.	97	7.22
Penmans	Com.	46½	6.45
Do.	Pfd.	124	4.84
Regent	Pfd.	23	6.96
Riverside Silk	Com.	25	7.40
Wabasso	Com.	18	5.50
Woods Mfg.	Pfd.	38	...
York Knitting	Com.	4	...
Do.	Pfd.	100	7.00



Calendering the cloth—taking out the wrinkles.

Primary Cottons Reflect Market Slackness

Operations Now Running Well Up to Average—Prospects More Encouraging for Rest of Year

Primary cotton textile producers have been beset by a number of problems over the past year. They have experienced not only a decline in sales and, in turn, mill operations, but have been faced with labor troubles, wage increases and continued competition from the United Kingdom, United States, Japan and other countries.

In 1936 and the early part of 1937 this branch of the textile industry experienced a broad demand for its products. It was possible to maintain operations at a high level. In many instances voluntary wage increases were put into effect. Import competition was not abated during the period, but the volume of business offering was sufficient to satisfy all. Hence the operators were able to report substantial earnings and a further improvement in their already strong financial position.

Advance Buying Hesitant

Since the middle of last year conditions have not been overly good. Business has fallen off. There has been no overstocking of the finished goods by converters or retailers. The latter have been making only short-term commitments. They have hesitated to do otherwise because of the unexplainable drag in public buying, possibility of tariff changes, lower prices and uncertainty over the general economic outlook. The lack of advance buying has hit at the operators, and the ratio of operations at present is probably less than 70% of effective capacity.

This is a comparatively poor showing, but the operators are hopeful of a pick-up in conditions which will permit them to end the year on a stronger basis.

Expect Lower Profits

It is not likely that the current fiscal year will be a particularly profitable one. Frequent interruptions of plant schedules due to labor disturbances; enforcement of higher wages through government regulations; the restrictions of hours of work, especially in the Quebec mills; and the higher cost of doing business, all will have their effect on operating profits.

Still the primary cotton textile manufacturers are highly efficient and in face of even more difficult conditions have been able to report reasonably good returns to their shareholders. Further, over the course of years, they have prudently built up reserves so as to tide them over difficult periods. Because of their foresight, the companies have been able to pay dividends regularly, though at times it has been necessary to make reductions in the amount of distribution. Accordingly while the current year is not likely to be productive of substantial profits (unless there is a marked change in the volume of business between now and the end of the year) there is reason for believing that no material change is to be expected in the dividend policy of the operators.

Ranking of Operators

The position the different companies occupy in relation to the industry as a whole is of considerable interest to shareholders. Hitherto detailed information has been lacking and beyond the general placement of companies in their order of importance, it has not been possible to rank them accurately. As a result of investigation of the Turgeon Commission it is now possible to show the relationship of the primary cotton textile producers to each other from the point of view of equipment and volume of business.

In the cotton yarn and cloth field, the Dominion Textile Co. holds a predominant position. This company has nearly one-half of the spindles and looms in the whole industry. Considered in conjunction with its controlled unit, Montreal Cottons, Dominion Textile has control of nearly two thirds of all the equipment and accounts for over half of all the business done in this field.

The percentage distribution of machine equipment in cotton yarn and cloth mills for 1937 follows:

	% Spindles	% Looms
Dominion Textile	47.7	48.3
Montreal Cottons	14.0	15.5
Canadian Cottons	17.5	22.0
Wabasso Cottons	9.2	7.8
Empire Cottons	2.5	3.9
Goodyear Cotton	3.8	0.2
Hamilton Cotton	2.4	0.5
Cosmos Imperial	2.4	1.0
Dominion Fabrics	0.5	0.8

Dominion Textile Leads

The predominant position of Dominion Textile Co. in this branch of the industry is further revealed by the figures prepared by the auditor for the Commission on the sales of the various companies. As the Dominion Textile acts as sales agent for Montreal Cottons, the combined figures are more significant.

Distribution of Total Sales of Cotton Yarn and Cloth Companies—1935

	%
Dominion Textile	42.0
Montreal Cottons	10.7
Canadian Cottons	17.7
Wabasso Cotton	9.8
Empire Cotton	3.4
Goodyear Cotton	5.6
Hamilton Cotton	5.2
Cosmos Imperial	3.8
Dominion Fabrics	1.8

These figures on sales do not tell the full story. The figures relate only to sales of cotton yarn and cloth. In addition the majority of the operators, if not all, produce mixtures of cotton and rayon fabrics. Further they also engage in the production of a wide variety of goods which do not properly come in the classification of cotton yarn and cloth.

Dominion Textiles

Though better conditions are looked for, operations of the Dominion Textile Co., largest firm of cotton manufacturers in Canada, have been on a curtailed basis for the current fiscal year to date.

Since the commencement of the year business has been on the quiet side. Sales started to pick up toward the end of June, but so far there has not been much change in advance bookings. Stores and wholesalers managed to sell their cotton inventories rather freely during June, on account of the seasonal weather, but there is no sign of stocking up.

The various plants of the company are working on an average of three to four days a week.

Won't Stock Up

Recently the American textile situation has undergone a marked improvement and it is hoped that this condition will be reflected in the Canadian trade. If this expectation is realized, then it is possible that returns for the last half of the year will be on a more encouraging basis, though results for the full year are not likely to be as good as in the 1936-37 year.

Competition from abroad continues to have its effect upon the primary textile trade. American mills have secured a larger share of the Canadian market since they were given the benefit of the intermediate rather than the general tariff two years ago. It is hoped that this competition will be lessened as a result of the renewed activity in the American domestic market. Competition from English mills is not quite as keen as it was though the British operators account for a fair proportion of the market.

Earnings in Doubt

The company is now finishing up the first half of its fiscal year, but earnings to date are not indicative of what the year's outcome is likely to be.

Last year Dominion Textile reported a gross trading profit of $3 millions or practically the same as in the previous 12 months. Net available on the common was equal to $4.84 a share as against dividend payments of $5. The year before the company earned $5.63 a share on the common stock.

In regard to its finances, the financial statement at March 31 last shows that the management has kept inventories in hand. Stocks of raw cotton and merchandise were valued at around $4 millions, a drop of about $300,000 during the year.

Labor Troubles Paramount

One of the greatest problems confronting the management over the past year has been the question of personnel. The company has been beset by labor troubles which have resulted in the closing down of all of the plants at one time or another. Last fall an agreement was entered into with the Union and subsequently approved by the Quebec Fair Wage Board. In April the company refused to renew its agreement with the National Catholic Federation of Textile Workers because the working conditions laid down in the contract last December were not acceptable.

The company undertook to re-institute a system of work councils in each of the different mills, which was in effect in several shops prior to the signing of the Union agreement. This proposal was accepted by a majority of the plants, but in July serious labor troubles broke out in the Montmorency mill. Shortly after the company closed down the plant for a week and reopened it on a different operating basis.

Board Takes Hand

Meanwhile the Quebec Fair Wage Board took an interest in the company's labor difficulties with the Union and the labor agreement was extended temporarily.

The labor situation has not been settled satisfactorily. While a temporary truce has been declared, expectations are that the matter will come up again shortly and it is hoped that a more permanent settlement will be arranged.

The showing made by the company last year was good considering labor troubles and the falling off in sales. Whether or not the management will be able to produce as good a report for 1938-39 remains to be seen. However, the continued difficulties with the personnel and restricted buying by the public would indicate that the prospects are not too hopeful that earnings this year will equal those for 1936-37.

Montreal Cottons

The tendency of the trade to make short-term commitments has slowed down operations of Montreal Cottons Ltd. Orders on hand as at March 15 last were down approximately 10% as compared with the previous year and the company's plants are operating at about 70% of capacity. There has been no particular change in the operating ratio since that time, and whether or not sales are maintained for the year will depend upon the outcome of business in the last quarter. Indications, however, are that the returns will not be as favorable as a year ago.

The general labor troubles experienced by the textile industry had their effect upon Montreal Cottons. A year ago the Valleyfield plant was closed down, and even after it was reopened it took the company some time to get back into its stride. Added to this is the current short-term commitment policy of the trade with the result that operating costs have tended to be high in relation to the volume of business.

Gain in Earnings

During the last three years Montreal Cottons has reported consistently good earnings with the average over $300,000 a year. The profits of 1937 would have been better had it not been for the strike, but even then the net profit was $286,045. This was equivalent to $9.53 a share on the preferred and $2.53 on the common. In 1936 the company earned $6.51 a share, and in 1935 $1.17 a share on the common. In view of the improvement in earning power, an initial dividend was paid on the junior stock on March 15, 1937, of 50 cents a quarter. This rate has been continued regularly since.

Reflecting the better earnings, is an improvement in the financial position of the company. Net working capital increased from $471,637 in 1933 to $1,452,989 at the end of 1937. In addition, the funded debt was reduced by nearly $100,000 during this period, while the bond sinking fund was increased by $200,000.

Investment interest in Montreal Cottons is rather limited. The company is affiliated with Dominion Textile Co. which also acts as selling agents for the company's products.

Can. Cottons

Operations and earnings of Canadian Cottons for the 1938-39 fiscal year are likely to shape up along lines forecast by the president earlier this year. Judged by conditions to the end of May, A. O. Dawson, president, forecast that orders for the current year would be about 60% of the 1937 total and about 88% of the 1935 and 1936 totals, which were about equal.

The company still has about six months to go before completing the current fiscal year. Consequently it is possible for the half year to show an improvement in what otherwise has been a rather unfavorable trend. An increase in buying power, resulting from the better crop in the West, would materially add to the sales and earnings of the company.

Show Average Year

Returns for this year are not likely to be as good as in 1937, but it is pointed out by Mr. Dawson that 1937 was, in many respects, an abnormal year and duplication was scarcely to be expected. He also states that an over-pessimistic view is unwarranted as shelves of dealers were not overstocked and an improvement could be expected as soon as the uncertainty over the outlook had subsided.

During the last half of 1937 and the early part of 1938 operations of the company's Cornwall plants have been interrupted on a number of occasions by labor troubles. Following extended conferences with union and government officials and adjustments of working conditions and wage rates, the labor question was settled, at least for the time being.

Hit Earnings Last Year

Labor difficulties undoubtedly had their effect upon earnings in the year ended March 31, 1938, when the company reported an operating profit of $1,067,583. This represents a decline of about $300,000 from the year before, but was well above the average of recent years. Tentative claims of the Dominion Government for unpaid taxes are still not settled, adding an element of uncertainty to the long-term outlook.

During the last four years the company has paid regular dividends on its preferred stock and $4 a share on its common. However, it is noted that during this period the company's earnings were about $375,000 short of meeting the common dividend in full. In other words, all charges were earned only once since 1935.

In the last fiscal year it was necessary to dip into the reserves to the extent of $101,359 in order to cover dividends. This did not affect finances, as the company occupies an exceptionally strong position. Net working capital at the end of last March totalled $5.1 millions, as compared with $4.8 millions the year before. Further, it is of interest that despite the deficit in the profit and loss account, there has been a steady increase in the net working capital position since 1933.

Wabasso Cottons

Wabasso Cotton Co., one of the principal primary cotton producers in this country, has been able to show a well developed earning power. While returns naturally have fluctuated from year to year, still the company has been able to show earnings on its capital stock in each of the last six years and has built up its working capital from $817,761 in 1932 to $1,428,243 in 1938.

It is anticipated that the report for the year ended April 30, 1939, will show operations and earnings on a somewhat lower basis than in the preceding fiscal year. Of course, much will depend upon the outcome of the next six months but in view of the rather unsatisfactory experience of all the textile companies in the first half of the year, it is not likely that the loss will be offset by the gain in the next six months.

Increase Common Dividend

For the fiscal year ended April 30 last, Wabasso Cotton showed earnings from operations of $792,386. This was approximately 12.3% lower than the previous year, but it should be remembered that 1937 fiscal year was an exceptionally good one for all textile operators, including Wabasso. Compared with the average of recent years, the returns for 1938 were exceptionally good. Net profits for the past year totalled $186,113, giving share earnings of $2.66.

In view of the improvement in earnings two extra dividends of 15 cents a share were paid during the year on July 2, 1937 and Jan. 3, 1938, along with the regular 25 cent quarterly payments, making a total disbursement of $1.30 a share, as compared with 50 cents in 1936-37.

Eliminate Deadwood

Shareholders of the company are meeting this week to consider a by-law reducing the stated value of the capital stock from $4,192,240 to $2 millions. The capital surplus thus created will be used to write off the bond discount and reduce the stated value of certain fixed assets to an amount more in keeping with what directors consider to be their true values in the light of present conditions. Approval of this by-law will enable the company to eliminate the appropriation for bond discount and to reduce their reserve for depreciation so as to make available a larger proportion of earnings for the common stock. At the same time the writing down of the capital stock does not affect the equity back of the junior security.

Hamilton Cottons

The company spins, weaves and manufactures a diversity of products, including elastic webbing, webbing for straps, yard and twine, cotton products, etc., distributed through Canada, and exported to the United States, England, South America and New Zealand. Main plant is at Hamilton, Ont.

Net earnings available for bond interest for the first 24 weeks of the current fiscal year ended June 11, 1938, amounted to $49,731, after depreciation and taxes. Earnings before depreciation and taxes were $99,791. Comparative figures for the previous year are not available.

Sales Improve

In 1937, a moderate improvement in sales was experienced, but the advance in the cost of raw materials during the earlier months, and subsequent declines of both materials and merchandise later, offset any increase in profits for the year.

Net profit for the year ended Dec. 24, 1937, amounted to $111,779, as compared with $109,138 in 1936. This was equivalent to earnings per share on the preferred stock of $5.98 and $5.74, respectively. On the common $3.69 and $3.56 was earned, respectively.

In July, 1938, a bond issue of $850,000 of 4¼% sinking fund bonds was sold publicly and $300,000 of 3% serial bonds were sold privately, to redeem the 5½% sinking fund bonds, series A, amounting to $713,000 and $85,000 of secured notes of the Trent Cotton Co. The balance was used for other corporate purposes.

Payment of an extra dividend of 50 cents on April 1, 1938, along with the regular 50-cent dividend reduced arrears on the preferred stock to $6 a share.

Cosmos Imperial

Cosmos Imperial Mills manufactures heavy cotton duck used in the manufacture of boat sails, canvasses, tents, awnings, etc., under the brand names of "Yarmouth," "Ontario" and "Imperial," filters and cotton dryer felts. Its plants are located at Hamilton, Ontario, and Yarmouth, N.S.

The difficulties of the United States cotton textile companies have entered largely into the picture affecting this company, according to the president, W. S. Burrill.

Production and sales for 1937 recorded an increase over 1936, notwithstanding a slight reaction during the late summer and again at the close of the year. Demand was well maintained with emphasis on the primary needs.

At Dec. 31, 1937, there was $470,000 of 5% first preferred stock, of $100 par value outstanding, and 100,000 no par value common shares.

Net Profit Up

Net profit for the year was $193,176, the highest since 1929, and compares with $173,809 in 1936. Allowance for depreciation was $120,393 in 1937, and $95,062 in 1936.

Earnings on the common shares in 1937 were $1.69, as against $1.49 in 1936. Dividends on the common stock have been paid at the rate of $1 a share annually since the quarterly payment of 25 cents on Feb. 15, 1937. An extra of 25 cents was paid on Feb. 15, 1938.

Sinking fund on the preferred stock commenced operations in 1937, and at the end of the year the 5% preferred stock outstanding was reduced from $500,000 to $470,000. Preferred dividend requirements were reduced through the refunding of the 7% preferred issued in 1936.

Working capital improved in 1937 from that shown at the end of 1936, but it was still considerably below its former levels. The inventories position at the end of 1937 was satisfactory, according to the company.

Primary Cotton

Bonds	Int. Rate %	Maturity	Outstanding $	Times Int. Earn. After Deprec. 1937	1936
Dominion Textile:					
1st Mtge., A	4½	1955	4,366,000	10.53	10.83
Hamilton Cotton:					
1st Mtge. S.F. Gold, A*	5½	1948	713,000	4.42	4.23
1st Mtge. & Coll. Trust	3	1939-43	300,000	....	....
Do.	4¼	1950	850,000	....	....
*To be redeemed on Sept. 19, 1938.					
Montreal Cotton:					
1st Mtge. S.F.	5	1943	*395,654	18.19	26.08
*All outstanding in sterling, £81,300.					
Wabasso Cotton:					
1st Mtge., A Serial	3½	1939-40	300,000		
Do.	4	1941-48	1,400,000	3.24	3.98
1st Mtge., A	4½	1951	1,000,000		

Stocks	Outstand. $	Earned Per Share 1937 $	1936 $	Div. Rate $	Price Range 1937-38 High	Low	Last Price	Yield %
Canadian Cottons:								
Pref., par $100	3,661,500	*6.20	9.84	6.00	109½	99	99	6.1
Com., par $100	2,715,500	*0.27	5.17	4.00	93	63	71	5.6
*After deducting $50,000 to contingent reserve, years ended Mar. 31, 1938-1937.								
Cosmos Imperial Mills:								
1st Pref., cum. red. par $100	470,000	41.10	34.76	5.00	105⅛	101¼	102	4.9
Com., n.p.v.	100,000 shs.	1.69	1.49	1+.25	27½	16	22½	5.5
Dominion Textile:								
Pref. cum., par $100	1,940,600	*74.32	*85.38	7.00	150	135	140	5
Com., n.p.v.	270,000 shs.	4.84	5.63	5.00	86	58	65½	7.6
*Years ended Mar. 31, 1938 and 1937.								
Hamilton Cottons:								
Pref. cum. conv., par $30	561,000	5.98	5.74	2.00	40½	27	32	6.2
Com., par $100	600,000	3.69	3.56	Nil	..	..	..	..
Montreal Cottons:								
Pref. cum., par $100	3,000,000	9.53	13.51	7.00	110	95	96¼	7.3
Com., par $100	3,000,000	2.53	6.51	2.00	50	35	35	5.7
Wabasso Cotton:								
Com., n.p.v.	69,903 shs.	*2.66	*3.37	1+.15	35	15	16	7
*Years ended Apr. 30, 1938 and 1937.								

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Number of Silk Looms Sets All-Time Record

The number of looms in the real and artificial silk industry, according to the last census, was 4,141. This represents an all-time record, and is nearly six times the number installed in 1927. Silk weaving developed rapidly from 1928 onward, and new plants were built and existing plants enlarged. The growth was not halted by the onset of the depression, as the growing public demand for the newer rayon fabrics resulted in a wide expansion in equipment.

Number of Looms in Silk and Artificial Silk Industry

Year	Total	Over 40%	40% or less	Other
1927	765	602	137	26
1928	990	767	128	95
1929	1,505	1,392	18	95
1930	2,100	1,967	95	38
1931	2,362	2,082	217	63
1932	2,518	2,290	142	86
1933	3,081	2,572	428	81
1934	3,534	2,868	575	91
1935	4,002	3,384	476	142
1936	4,141	3,427	559	155

MEN'S CLOTHING TRADE CONCENTRATED

A large part of the manufacturing in the men's factory clothing industry is confined to a comparatively small number of plants. Of the 18[illegible] plants reporting, 58 had an output value at $31.4 millions or about 75% of the total. Capital investment in 53 plants contributed more than 73% of the total invested and 29 factories employed more than 60% of the total employees.

RECORD of PROGRESS

Canadian Celanese Limited, in its twelfth year of business, presents a record of service to the communal life of Canada. It has made available to Canadian manufacturers a complete range of style fabrics for the making of dresses, men's and women's coat linings, men's summer suits, lingerie, men's underwear, hosiery, sportswear, draperies and curtainings.

In twelve years, Canadian Celanese Limited has become an integral part of Canadian industrial life. The name "Celanese"* is a household word for quality the length and breadth of the Dominion.

CANADIAN CELANESE LIMITED

makers of quality fabrics

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Keen Competition in Knit Goods Field

200 Plants in This Division of Textile Trade in Canada

The immediate destination of the knit goods and hosiery industries in Canada has not yet been determined. In the year to date there has been a definite downward trend in earnings.

The knit goods and hosiery divisions have been more fortunate than other branches of the textile industry in its handling of labor, and returns to investors on capital invested have not been unduly high. Percentage of net profit to book value of shareholders averaged in the 10-year period from 1926-35 2.5%. This compares with 4.4% for primary and industrial cotton. 7.6% for real silk and 8.9% for hosiery.

In line with most organizations the depression has been felt to the full, with the depth being reached in 1930 to 1932. Since that date there has been gradual improvement, which carried into the first nine months of 1937. Subsequent developments have left little ground for optimism.

The manufacture of knit goods and hosiery from a production standpoint of production is the sixth largest in these allied businesses. Its progress has been less affected by minor fluctuations than the other sections, and expansion during the century, prior to the depression years was relatively steady.

Expansion in Quebec

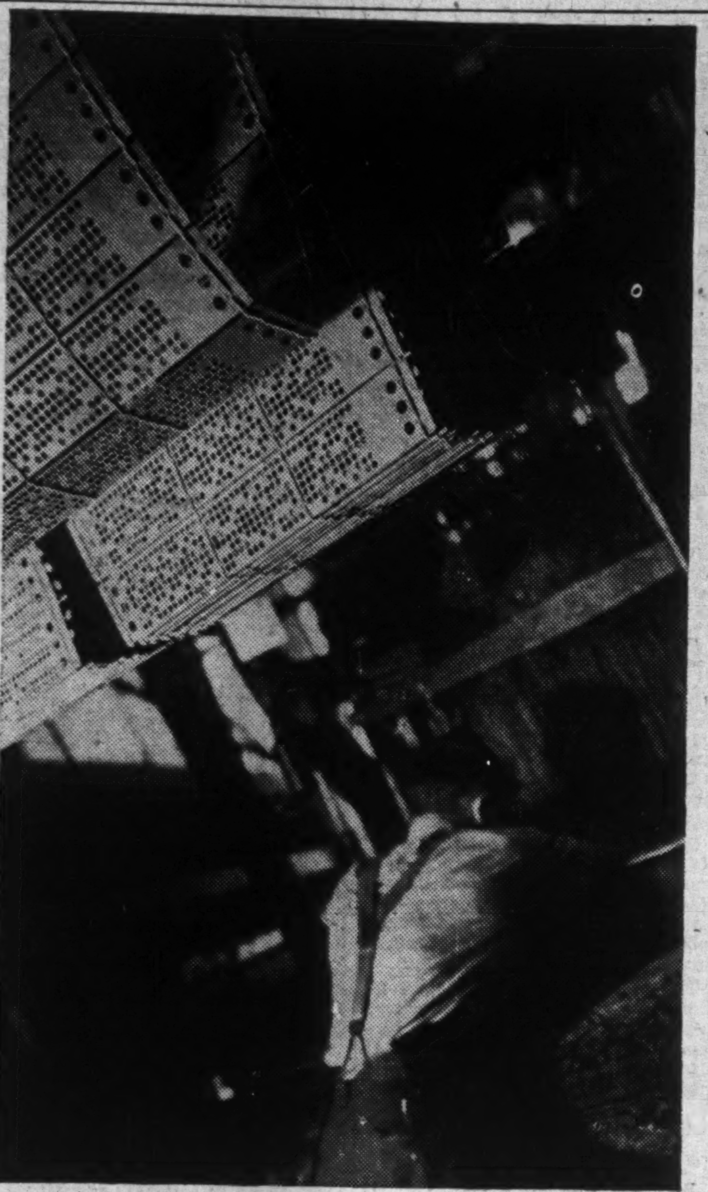
In 1935 there were 163 mills in operation in Canada, as compared with 158 in 1930. Between 1925 and 1930, the number of employees increased 27.7% and the net value of production was 35.1% greater. Quebec assumed greater importance as a manufacturer of knitted goods during this period and by 1935 employed more than 30% of workers in the industry. The proportion for Ontario declined to 62.5% of the total, although there was an increase in the number of employees.

At the present time there are approximately 200 plants engaged in the manufacture of knit goods and hosiery, varying in size from very small units to substantial organizations employing thousands of workers. This profusion of knitting organizations causes very stiff competition. In addition Great Britain's shipments of knitted goods to Canada total approximately 18%.

There is some evidences of an upturn in this business in the Dominion. Increased buying power in the West and the hand-to-mouth buying policies of most retail merchandisers weight the prospects favorably for the remainder of the year.

Cost of wool has been relatively steady during 1938, but cotton has fluctuated rather widely. Raw silk has gone upward.

The unsettled condition of world affairs and heavy taxation burden is hardly reassuring. The possibility of tariff revision is also a disturbing picture.



—Photo, C.I.L.

On the Carpet, 1938—Working like the scroll of a player piano the Jacquard invention guides the loom in the weaving of multicolored carpet patterns.

Mercury Mills

Operations of Mercury Mills have been unsatisfactory for the last eight years, with net deficits incurred in the years 1930 to 1937, inclusive. The deficits carried forward have been mounting steadily during that time.

Nothing has been paid on the preferred shares of the company since 1930, and at Dec. 31, 1937, arrears totalled $42 a share. Bond sinking fund payments have not been made since May 1, 1933.

The unfavorable showing in 1937 was due principally to mild weather, which slowed the sale of its products and the falling prices of merchandise toward the latter part of the year.

Nothing has been released regarding the company's operations during the current year, but it is reasonable to assume that its products, including a wide range of wool and cashmere, and silk hosiery and underwear has fared no better than that of other concerns.

Monarch Knitting

Monarch Knitting Co. manufactures heavy and fancy knitted goods, lingerie and hosiery, operating plants at Dunnville, St. Thomas and St. Catharines, Ontario.

Throughout the depression from 1931 to 1935, inclusive, the company was able to show a net profit, but net losses were recorded in 1937 and 1936. This was attributed to competitive conditions in Canadian market, especially in full fashioned silk hosiery, combined with increased taxes.

A general decline in sales during the current year resulted in the deferring of the preferred dividend due July 1, 1938. Arrears at July 1 on the 7% preferred stock amounted to $52.66 2/3 a share. No plan has been advanced for the liquidation of the arrears. There were outstanding $750,000 preferred shares, of $100 par value and $1,275,000, of $100 par value.

Payment of full dividends on the preferred stock have exceeded earnings in 1936 and 1937. In 1937, $3.20 was earned on the preferred shares, as compared with $2.30 in 1936. A quarterly dividend of $1 a share was paid in April, 1938, as against the required $1.75. Surplus has thereby been reduced.

York Knitting

York Knitting Mills, Ltd., is an amalgamation of York Knitting Mills Ltd. and Zimmerknit Co., which went into effect on August 1, 1937.

By the merger, both companies and their subsidiaries, Harvey Knitting Co. Ltd., Hosiery Ltd., and Woods Underwear Co., and Toronto Hosiery Co. were consolidated in a single corporate entity, becoming operating units under a unified management.

It is expected that certain benefits will accrue from the consolidation, and the merging of the somewhat similar functions of the interdependent companies under a unified management, as well as simplification of administrative functions, a reduction of fixed charges and increased economy of operations and capital charges.

For the first six months of the current year sales of York Knitting Mills decreased approximately 11% over those of a similar period in the previous year. However, sales for the 1938 period were nearly comparable with those of 1936.

Net profit for the period, after depreciation, bond interest and taxes was about sufficient to provide dividends for the half year twice.

It was stated at that time that unfilled orders on hand were light, but it was expected that business in the last half of the year, would be nearly comparable with that of the last half of 1937.

York Knitting Mills is engaged in spinning cotton, woollen and worsted yarns, and in the manufacture of men's, women's and children's hosiery and underwear, at plants in Toronto, Hamilton and Woodstock, Ont. In addition, the company possesses Canadian manufacturing rights for a number of American undergarment copyrighted tradenames.

Combined profit of the company and the acquired businesses for a full year's operations, before depreciation, bond interest and income taxes, amounted to $252,779 in 1937, as compared with $310,562 on a similar basis for 1936. Earnings amounted to $14.24 a share on the preferred and 14 cents on the common in 1937.

Dividends of 7% are being paid regularly on the first and second preferred shares. None has been paid on common stock since 5% a share was paid Feb. 25, 1930.

Regent Knitting

Sales of Regent Knitting Mills to date this year have been somewhat less than a year ago, but given a good last quarter and seasonable weather, business for the year should be on a basis comparing favorably with last year. The tendency throughout the trade has been to hold off buying until the outlook assumes more definite shape. A good crop in the West and a pick-up in business in the East would make a considerable difference in the demand for the company's products.

Last year Regent Knitting reported a gross profit from operations of $467,085, which figure was well above the average in recent years. The net profit of $56.162 was the second best reported in several years. As a result the company declared an initial dividend on March 1, 1937, of 40 cents a share on the preferred stock. This rate has been paid regularly since. Further, an initial dividend of 25 cents a share was paid on the common stock on Nov. 1, 1937.

Further improvement in the financial position of the company came about as a result of the profitable operations in the last two years. During 1937 working capital advanced from $738,889 to $909,347. At the same time inventories were up more than $125,000 over the previous year.

During the year the company redeemed $352,600 of its 6½% bonds with the new issue of $525,000 of first mortgage bonds. Of the latter $150,000 is due serially to 1943 at 3% and the balance of $375,000 are due 1952 with interest at 4%. The repayment of principal of $25,000 was made on March 1, 1938.

With the proceeds of this financing, over and above that required to redeem the old bonds, the company liquidated bank loans which stood at $140,000 at the end of 1936.

Celtic Knitting

Celtic Knitting Co.'s experience for the first eight months of this year has not been unlike that of the other companies in the textile group. Sales for the first four months were considerably ahead of the same period in 1937. While the following two months were a trifle disappointing, sales for the half year were ahead of the like period in 1937.

The heavy sales in the early part of the year resulted in a substantial liquidation of inventories which, in turn, brought about a reduction in the bank loan which at the end of 1937 totalled $74,000. Earnings are running much the same as a year ago, though results for the full year, as previously mentioned, will depend upon returns for the balance of 1938. Last year the company reported an operating profit of $16,811 as against $11,867 the year before.

While earnings on the capital stock have been limited, amounting to only a few cents a share, the company has managed to maintain its working capital position in a satisfactory manner. Further, there are no fixed charges so that the company is in a position to take advantage of any upswing in trade.

J. R. Moodie

J. R. Moodie Co. manufactures underwear for women, children and infants at its plant in Hamilton, Ont. There are authorized and outstanding 30,000 shares of common stock, of no par value. At Mar. 4, 1938, the company had $527,000 of 6% first mortgage sinking fund bonds, series A, outstanding.

SILK INDUSTRY GROWS

Artificial and real silk plants in operation in Canada during 1936 numbered 35. This was increased to two over the number reported in the previous year.

Knit Goods

Bonds	Int. Rate %	Maturity	Outstanding $	Times Int. Earn. After Deprec. 1937	1936
Mercury Mills:					
1st Mtge., Series A	5½	1953	1,310,000	0.49	0.77
J. R. Moodie:					
1st Mtge. S.F., A	6	1948	527,000	....	....
Regent Knitting Mills:					
1st Mtge., Serial	3	1938-43	150,000	4.98	4.42
1st Mortgage	4	1952	375,000		
York Knitting Mills:					
1st Mtge., Series A	3½-4	1938-45	350,000	5.71	....
	4½	1952	600,000		

Stocks	Outstand. $	Earned Per Share 1937 $	1936 $	Div. Rate $	Price Range 1937-38 High	Low	Last Price	Yield %
Celtic Knitting:								
Com., n.p.v.	27,000 shs.	0.04	0.04	Nil	3	1¼	1⅝	..
Mercury Mills:								
Pref. cum., par $100	1,000,000	d3.76	d2.20	Nil	40	10	10	..
Com., n.p.v.	45,000 shs.	d2.17	d1.82	Nil	2½	1¼	2½	..
Monarch Knitting:								
Pref. cum., par $100	750,000	3.20	2.30	†	86	50½	..	..
Com., par $100	1,275,000	*d2.77	*d2.77	Nil	5½	4	..	..
*After deduction of full year's preferred dividend. †Deferred July 1, 1938.								
J. R. Moodie:								
Com., n.p.v.	30,000 shs.	No financial statements available.						
Regent Knitting Mills:								
Pref. non-cum. red., par $25	400,000	3.51	3.96	1.60	25	19	23	7
Com., n.p.v.	65,009 shs.	0.47	0.58	*.25	11	4	6	..
*Initial paid Nov. 1, 1937.								
York Knitting Mills:								
1st Pref., par $100	150,000	14.24	...	7.00	..	..	..	..
2nd Pref., par $100	300,000							
Com., n.p.v.	229,012 shs.	0.14	...	Nil	5½	3½	4	..

World Textile Changes

Far Reaching Changes Seen in Period Since the War

World textile trade has undergone far reaching changes since the post war period both in regard to the international trade in textile products, and in the manufacturing operations in the individual countries.

The following paragraphs, prepared by the Turgeon Commission, contain a brief examination of the general movement in production and trade in the principal countries during the post war period and the severe disturbances which were caused by the recent depression and by the various governmental policies with regard to monetary control, trade regulations and national self-sufficiency.

Changes Lead to Problems

The changes in cotton textile manufacturing, which have given rise to the most depressing problems, may be described as follows:

1. Among the old manufacturing companies, the importance of the United Kingdom has been diminishing, while that of Japan and India has been increasing.
2. Cotton manufacturing has been developing rapidly in "newly industrializing" areas, notably China, Latin America, and the Balkan countries.
3. In the two largest textlie manufacturing countries — India and the United States—production has been shifting from regions of higher to regions of lower labor costs.
4. The cotton manufacturing in several European countries has been subjected to more or less permanent market disequilibrium, as a consequence of the boundary changes following the conclusion of the World War.
5. Difficulties of obtaining raw materials by reason of foreign exchange control, and bi-lateral trade agreement, have created peculiar structural problems for cotton manufacturers in such countries as Germany and Italy.

The decline in importance of the United Kingdom in the manufacture of cotton textiles and the advance production in Japan and the "new textile countries" may be measured in several ways.

Between the crop years 1912-13 and 1928-29, the consumption of raw cotton in the United Kingdom dropped from 4,644,000 bales to 3,195,000 bales, while the world consumption increased. The proportion of raw cotton consumption dropped from 21% in the earlier year to 12% for 1928-29, while that for Japan increased from 6.5% to 10.5%.

Far East Advances

The figures for cotton spindles showed a decline in the spinning capacity in the United Kingdom and the United States during the depression, and the rapid advance in productive capacity of such countries as China, British India and Japan.

Number of Cotton Spindles—1914-1936
(In thousand spindles)

	1914	1929	1936
Canada	860	1,240	1,152
United States	31,520	34,829	29,040
Mexico	750	751	862
Brazil	1,400	2,750	2,711
China	1,350	3,602	4,952
British India	6,397	8,704	9,686
Japan	2,415	6,530	10,595
United Kingdom	55,972	55,917	42,307
Total	144,704	164,211	153,310

Number of Looms Increase

The available statistics for power looms indicate that the changes in weaving capacity have taken the same direction as that indicated by cotton consumption, and the number of cotton spindles. Between 1914-1929 the number of looms increased by 8% in the United Kingdom, but increased by nearly 300% in Japan 77% in India, and 409% in China. while the increase for all countries in the same period was 11%. The increase in the production of cotton goods in India and China, and to a lesser extent in the "newer textile countries," in which manufacturers are developing to supply the protected home markets, has had profound effect upon the trade of the major exporting countries.

SPEND $22.9 MILLIONS

Cost of materials used by the woollen textile industries in Canada during 1936 was $22.9 millions. This contrasts with $19.4 millions the year before. The returns for 1936 were the largest of any year on record.

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Courtaulds (CANADA) LIMITED
Head Office and Plant: Cornwall, Ont.
Sales Offices: 159 Bay Street, Toronto, Ont. Trade Service Office and Merchandising Dept.: University Tower, Montreal, Que.

Silk Trade Awaits Business Upturn

Textile Slackness Reflected in Silk Group — Wage Increases Cut Earnings

Operations in the real and artificial silk division of the Canadian textile industry have slowed down this year to a variety of causes. Buyers have been hesitant in placing advance orders owing to the expectation of tariff changes, lower prices, etc. At the same time the public has not been buying as readily as in former years so that there has been a tendency for converters and distributors to buy from hand-to-mouth.

Results for the first half of the year were only fair. While mill operations and sales were reasonably good, still the volume of business was appreciably under that reported a year ago. In recent weeks there has been a better feeling in the trade and the view is expressed now that operations for the remaining months of 1938 should be on a better scale consequent upon a pick up in demand.

Record Rapid Growth

This branch of the industry has recorded remarkable expansion in last 10 or 15 years. Prior to 1923 there were no artificial silk yarns made in the country. The use of real silk up to that time had been limited, in so far as its manufacture in Canada was concerned. The country depended largely upon imports. Then came the establishment of the first artificial silk yarn mill in Canada. At the same time tariff changes made it opportune to establish real silk throwing and spinning mills in Canada. Within a comparatively short time Canada was supplying the bulk of her own artificial and real silk requirements and had even entered the export markets.

The great stimulus to this branch of the textile trade was provided by the artificial silk branch. The production of low-cost yarns and the development of quality fabrics widened the demand for "silk" products. At the same time the price of real silk dropped, enlarging the market for that type. Further, the use of artificial silk yarns with other materials, notably cotton and woollen, opened up a wide field of new fabrics.

Depend on Rayon

When Courtaulds (Canada) commenced operations in 1924, the bulk of their sales were to the knitting trades but in recent years the weavers have become the most important customers providing more than 60% of the company's sales. This company has continued as the sole producer of viscose yarns in Canada, but in 1937 Canadian Celanese Co. commenced the production of acetate yarns in Drummondville, P.Q.

Neither company has attempted to develop an export trade in yarn although weavers are shipping increasing quantities of fabrics to the United Kingdom and other Dominions.

Artificial Silk Record

The trend of production of artificial silk yarns in Canada and the proportion handled by each of the two producers is of considerable interest.

(Production in pounds)

	Courtaulds (Canada)	Canadian Celanese
1925	507,328	....
1926	1,921,622	....
1927	2,512,829	366
1928	3,153,369	203,365
1929	3,280,994	403,657
1930	3,535,822	1,091,505
1931	4,376,264	1,495,497
1932	5,197,574	2,127,506
1933	4,567,601	2,766,515
1934	6,718,213	3,832,719
1935	8,467,205	4,748,412
1936	8,064,670	5,557,959

Secure Larger Share

Naturally the two companies have not been able to monopolize the Canadian market. At the same time they have been able to account for a very large part of it. The percentage of imports to the total apparent consumption has tended to decline, as is shown in the following table:

(In thousands of pounds)

	Canadian Output	Imports	Apparent Consumption
1925	507	1,668	2,175
1926	1,921	1,325	3,246
1927	2,513	1,568	4,081
1928	3,357	1,986	5,343
1929	3,685	2,114	5,799
1930	4,627	2,264	6,891
1931	5,872	1,772	7,644
1932	7,325	989	8,314
1933	7,334	1,594	8,928
1934	10,551	1,085	11,636
1935	13,216	1,214	14,430
1936	13,623	1,168	14,791

In its report on the textile industry, the Turgeon Commission gave detailed figures, a knowledge of which is rather necessary for the investor and others in appraising the relative position of the individual operator and the importance of the industry as a whole.

The silk weaving and allied trades last reported 31 factories in operation. Of this number three reported 38% of the total number of employees. Ten mills, including the three largest, had 72%. The Commission auditors reported on 15 silk companies. The sales of these 15 companies amounted to over $12.1 millions in 1935 and were divided among the companies in the following proportions:

	%
Belding-Corticelli	21.3
Associated Textiles	21.3
Bruck Silk	13.6
Riverside Silk	12.3
Grouts & Valleyfield Silk	11.6
Remaining eight firms	19.9

Trade in Artificial Silk

As these companies are not all engaged in the production of the same lines of goods the figures above do not represent the share of the business attributable to any one firm in a particular line. The silk weaving industry now produces more yards of rayon fabrics than real silk. On the other hand, the production of rayon fabrics has also been undertaken by the cotton mills. The relative position of the various companies in the production of rayon or artificial silk fabrics is indicated by the statements for deliveries of all-rayon fabrics in 1936, furnished by the larger companies to the Commission.

The figures from these statements taken in conjunction with the census industry reports show that the all-rayon or artificial fabric business was divided in 1936 on the basis of yards shipped, as follows:

	% of Total Yards Shipped
Canadian Celanese	42.1
Dominion Textile 8.4 / Montreal Cottons 6.8	15.2
Associated Textiles	7.9
Bruck Silk	6.1
Canadian Cottons	6.1
	100.0

Study Output Figures

A better understanding of the growth of the artificial silk industry is to be had from the production figures of Canadian Celanese and Courtaulds and the import trade returns. While the distribution of the total yards shipped, as shown in the foregoing table, is not without interest, it does not give a complete picture of the importance of the artificial silk yarn in the textile industries. For example, it does not indicate the extent to which rayon is used in the woollen, hosiery and knit goods divisions, all important consumers.

The growth in production of artificial silk yarns, as shown in the tables at the beginning of this survey, give a clear idea of the rapid and impressive growth of this branch of the textile industry. While the returns for the current year may show a decline, still the trend is definitely upward.

Can. Celanese

Operations and earnings of Canadian Celanese Ltd. this year have been affected by two factors—a falling off in the demand for textile fabrics and wage increases. In general all the textile companies have felt the lower demand this year, which has brought about a considerable curtailment in operations. Canadian Celanese, which has been able to maintain its sales at a relatively high level in former years, has not been able to altogether escape the current "depression." Its principal problem, however, has been the wage increase ordered by the Quebec Fair Wage Board, and adding several hundred thousand dollars to the company's wage bill.

Outlook Better Now

Recently the outlook for the company has shown improvement. Not only does Canadian Celanese expect the demand to improve, but prices may be higher. Rayon yarn prices in the United States have been increased, indicating that the demand has improved to such an extent that better selling levels are justified.

During the first half of the year, earnings of Canadian Celanese were well below the same period of 1937, due to the falling off in demand and the increase in labor costs. While the last half of the year may show some improvement in earnings, it is not expected that the financial statement will make as good reading for the shareholders as the last one.

Record Large Earnings

Profits from operations in 1937 amounted to $2,233,693, as compared with $2,120,551 the year before. Net profit, however, dropped to $1,489,102, as against $1,519,504 the year before, due to lower income from investments, a larger amount for depreciation, and provision for the amortization of development expenses.

Earnings per share after interest and sinking fund on the income funding rights, and transfer of $100,000 to special reserve, amounted to $18.33 on the income rights; $12.67 on the preferred, and $1.97 on the common stock.

Pass Common Dividend

Despite the relatively good financial showing in 1937, the new trend of operations and earnings was noticeable early in the year and for the first quarter the company reduced the common dividend to 25 cents a share for the first quarter of 1938, compared with a quarterly payment of 65 cents a share paid since March 31, 1936. For the second quarter the directors deferred action on the common dividend. However, the regular quarterly dividends continued to be paid on the preferred stock.

Courtaulds

Production of Courtaulds (Canada) Ltd. in 1937 was the highest in its history, output of viscose yarn amounting to between 10½ and 11 million pounds. In the current year, production has been substantially below last year and it is expected output for the entire 12 months will amount to about 8½ million pounds of viscose yarn. Thus, production this year will be somewhat higher than in 1936 when eight million pounds were produced.

Although production this year is expected to be higher than in 1936, earnings will not be as good. At the present time, prices are lower than in 1936 and costs are substantially higher, especially the cost of labor. While the price of rayon was increased in the United States recently Canadian companies have not been able to secure higher prices.

Competition More Severe

Several factors in addition to the slackening in business activity have affected the company this year. Competition has been more severe and imports of rayon from Japan and Great Britain have continued to increase. Then, again, buyers have adopted a policy of hand-to-mouth buying, partly on the expectation there may be tariff changes as a result of the proposed Anglo-U.S. trade treaty.

During a substantial part of the current year operations at the company's Cornwall plant have been on a reduced scale. Operations were carried on at capacity until March 1 when production was placed on a greatly reduced scale. Recently there have been definite signs of improvement and production has again been stepped up to capacity.

Because of the slackening in business activity the company has not been pressing its expansion programme. The new unit, which is to contain 50 viscose yarn machines, has not yet been completed, but it can be put into production in a short time if market conditions justify. The new unit will increase capacity by 42%.

The company expects to benefit from the improved situation in western Canada. The West has always bought quality goods. For this reason the company's "Quality-Control" plan has been well received there.

There is no public investment interest in the Canadian company, which is a wholly-owned subsidiary of the parent company in Great Britain.

Belding Corticelli

Belding Corticelli sales during the early part of the fiscal year were officially reported as "holding their own" compared with the same period a year ago. However, conditions in the Canadian market since then have been only fair, and it is hardly likely that the sales and operating profits of the company for the year ended next November will be as large as in 1937 fiscal year.

Like other textile companies, Belding Corticelli has not been free from labor troubles. The unrest appears to have permeated through all branches of the textile industry. During 1937 the company gave a bonus to all employees who had served for a year or over, as well as wage increases. Nevertheless a strike developed toward the end of 1937 in the company's Coaticook mill, and was not settled until the early part of this year.

Diversification Helps

Belding's diversification of output makes for greater stability of operations than is common in the industry. Production consists of silk threads, ribbons, braids, tapes, elastics, embroidery, cottons, needlecraft novelties, hosiery, knitting yarn and silk fabrics. The company practically controls the market in Canada for silk threads, etc. Exports business is also carried on, but profits of the company are largely dependent upon the domestic market for silk.

No official particulars have been issued as to earnings for the current year. In the 1937 fiscal year the operating profit totalled $348,360. This was practically the same as the year before. Net profits were equal to $7.97 on the preferred and $5.74 on the common. Dividends have been paid regularly on the preferred stock since 1917, while the common has been receiving $4 a share in the past six years, and previous to that $7 was paid. In view of the strong financial position of the company, there is every expectation that the dividend rate will be maintained.

Silk and Artificial Silks

Bonds	Int. Rate %	Maturity	Outstanding $	Times Int. Earn. After Deprec. 1937	1936
Bruck Silk Mills:					
1st Mtge. S.F. Gold	6½	1945	427,800	1.77	1.17

Stocks	Outstand. $	Earned Per Share 1937 $	1936 $	Div. Rate $	Price Range 1937-38 High	Low	Last Price	Yield %
Belding-Corticelli:								
Pref. cum., par $100	865,300	11.97	12.34	7.00	135	123¼	131	5.3
Com., par $100	749,500	5.74	6.16	4.00	107	100	...	3.8
Bruck Silk Mills:								
Com., n.p.v.	125,000 shs.	0.14	0.02	Nil	12	2	4	..
Canadian Celanese:								
Pref. cum. part., par $100	10,000,000	12.67	13.97	7.00	126	90	93	7.5
Inc. fund rts., n.p.v.	81,255 rts.	18.33	17.89	1.00	22	15	17	..
Com., n.p.v.	280,409 shs.	1.97	2.54	Nil	31	9	13	..
Ontario Silknit:								
Pref. cum., par $100	1,000,000	*0.51	3.28	Nil	71	17	17	..
Inc. fd. rights	10,000 rts.	d6.49	d3.72	Nil	11	5	..	..
Com., n.p.v.	40,085 shs.	Nil	Nil	Nil	7½	4⅛	..	..
*After dividends on Australia Silknit pref. shares.								
Riverside Silk Mills:								
Class A, cum. part., n.p.v.	30,000 shs.	2.64	2.70	2.00	33	21	25	8
Class B, part. vot., n.p.v.	20,000 shs.	0.96	1.05	Nil	..	..	..	..
Supersilk Hosiery Mills:								
1st Pref. cum. S.F. par $100	512,500	9.66	7.05	5.00	83	73	76	6.6
Class A com., n.p.v.	75,000 shs.	...	...	Nil	3	1¼	2¼	..
Class B com., n.p.v.	25,000 shs.	...	...	Nil	3¾	2	3¾	..

Bruck Silk

Bruck Silk Mills' operations and earnings for the year to date have been on a lower basis as compared with 1937. While it is doubtful if earnings to the end of July were much more than sufficient to cover bond interest, the outlook since then has undergone a change for the better. The management now anticipates that for the year ended Oct. 31, bond interest will be covered in full, together with depreciation.

The domestic market for the company's products has been flat reflecting the situation in New York which gives the lead to the textile using industry. Recently the situation has undergone an improvement, and Bruck Silk Mills report that domestic enquiries have been on a better scale. In addition to the domestic demand, Bruck Silk has developed a relatively substantial export trade, shipping to England and Australia.

The greater percentage of Bruck Silk Mills' output is composed of style fabrics. In the last two or three years, however, the company has adopted a policy of diversifying its output to include materials for the garment, footwear, upholstering and other trades. This has helped in stabilizing operations and contributing to earnings.

Strike Off Period

For the last three years operations and earnings of the company have been at a low ebb. Previously Bruck Silk had a well developed earning power, and was able to show good earnings on its common stock, as well as paying dividends. In 1936 operating profit was reduced by more than half as compared with the previous year. There has been no material improvement since that time, with the result that no dividends have been paid on the common.

Build Larger Inventories

A feature of the financial statement of the company has been the building of a large inventory position. From 1931 to 1933 the company carried inventories averaging about $300,000.

In the next three years the average increased to around $475,000 while at the end of 1937 inventories totalled nearly $600,000. The current inventory position remains practically unchanged. However, if the expected improvement is realized the company should show a reduction in stock at the end of the current year.

At the last annual meeting these inventories were questioned, the suggestion being made that they should be reduced. In defending the company's policy, Isaac Bruck, president, stated that the company had made advantageous purchases of yarn abroad, and, what might appear as large stock, might be a definite advantage when conditions improve. Mr. Bruck also said that, due to a business recession in the latter months of the year, silk inventories in Canada rose about 40% in four months whereas the company's inventories were up only about 16% in the year.

No Dividends in Sight

There is no immediate prospect of the company resuming dividends on its capital stock. Not only are earnings at a low point, but the company has on its books a bank loan of $100,000, which will have to be liquidated before dividends are paid.

Ontario Silknit

Operations of Ontario Silknit have been considerably curtailed during the current year from what is considered normal, but there is at the present time some signs of improvement. Orders for fall delivery are now being received and the usual seasonal upturn is making itself felt.

Net profit for 1937 declined for the third consecutive year, amounting to $16,211, as compared with $32,785 in 1936. After payment of Australia Silknit and the parent company preference dividends, a deficit of $64,932 was shown on the year's operations.

While the English subsidiary earnings increased, profits of the Australian subsidiary were considerably lower. In addition labor difficulties decreased the company's operations.

Preference dividends were paid at the regular rate of 7% per annum in 1937, but the quarterly payment due March 15, 1938, was deferred, and at the present time there is little prospect of its resumption.

Ontario Silknit manufactures directly and through subsidiaries in Australia and the British Isles, "Maybelle" lingerie, dresses and other rayon products.

Supersilk

Supersilk Hosiery Mills at London, Ont., manufactures 16 lines of pure silk full-fashioned hosiery, and conducts an export trade to Australia, New Zealand, Ireland, Trinidad, India and other foreign countries.

In the year ended Dec. 31, 1937, sales for the first time exceeded $1 million, representing a large increase from sales of $850,000 in the previous year.

Net profit in this year also showed an increase over the preceding year, amounting to $50,369, as compared with $34,429 in 1936. Earnings on the new 5% preference shares amounted to $9.66 a share, as compared with $7.05 on the old 7% preferred shares in 1936. No earnings statements were published in previous years.

Dividends at the rate of $5 annually have been paid on the new preference stock since the initial dividend of $2.50 a share on July 2, 1937. Certificates of arrears which were issued early in 1937 in settlement of $17.50 a share arrears were outstanding to the amount of $47,565 at Dec. 31, 1937.

No statements have been published in the current year to indicate the trend of the company's business, but the president expressed the hope in the annual report that sales would recover from the downward trend established in 1937.

Contributing to the good showing of the company has been a programme of plant expansion during the last two or three years. The benefit therefrom was reflected in operations during 1937, the report states.

The export trade has played an important part in this company's sales and it has been freed to a certain extent from the detrimental effect of declining prices for silk hosiery in Canada.

Riverside Silk

Riverside Silk Mills, Galt, Ont., is engaged in the manufacture of silk yarns used in hosiery and lingerie, and broad silk.

Public interest in the company is limited to the no par value A shares of the company, of which there were 30,000 outstanding at Dec. 31, 1937. Controlling interest in the company is held through the class B no par value stock, of which there were 20,000 shares outstanding at Dec. 31, 1937.

The class A carries a cumulative dividend of $2 a share and participates equally with class B after the latter has received $2 in dividends. Regular dividends on the class A shares are now being paid.

Net profit in 1937 amounted to $79,234, as compared with $80,941 in 1936. A surplus of $502,410 was carried in the balance sheet at the end of 1937.

The working capital position strengthened substantially during 1937, increasing to $301,334 from $250,661 in the preceding year.

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Improvement is Seen in the Woollen Industry

Employment Figures Show Upward Trend; Wool Prices Are Low

The manufacture of woollen goods is the patriarch of all textile manufactures. Fabrication and conversion came with the first settlers to Canada and its rôle in textile industries progress has been of paramount importance. The advent of real and artificial silk has relegated the industry to one of lesser prominence.

The Dominion Bureau of Statistics divides the woollen industry into the cloth and yarn divisions. Of 31 medium and large-sized plants, 11 concerns had 66.4% of sales in 1935. No one firm appears to have a predominant position in the industry.

Woollen Sales in 1935

		%
Dom. Woollens		14.4
Barrymore Cloth (subsids. of Tor. Carpet)	6.2	8.7
Campbellford Cloth (subsids. of Tor. Carpet)	2.5	
Patons & Baldwins		7.9
Slingsby Mfg.		7.7
York Knitting		6.0
Guelph Carpet		5.6
Renfrew Woollen		4.8
Paton Mfg. Co.		4.7
Hield Bros.		4.3
Renfrew Textiles		2.3

The position of the predominant wool manufacturing countries, United Kingdom, United States and Germany, was not greatly changed during the depression, but Japan emerged as a potent factor in world wool trade. Australia and Argentina have latterly interested themselves in processing the raw product.

United States and the United Kingdom, however, still lead the world in the woollen trade. It is estimated that 50% of woollen goods sold in Canada is of United Kingdom origin.

The situation in Canada has been no more favorable than the world trade in general. Domestic competition, in addition to external pressure has been keen and the industry has had to contend with a certain amount of labor difficulties and sliding prices for its finished products.

Employment Moves Up

Employment figures in the woollen industries have shown an encouraging movement upward since May and it is thought the upturn heralds at least a temporary period of normal operations for the industry.

Production in the current year has been disappointing. Men's woollen products have been running at around the same volume but have suffered from price reductions ranging from 15% to 20%. Women's clothes have been down in both volume and price.

The price of raw wool is of utmost importance to woollen manufacturers. A large appreciation or depreciation of inventories can mean the success or failure of operations during the year.

In the past some part of woollen manufacturers' earnings have been derived from inventory appreciation, a condition that is passing out of the picture because of the violent gyrations of raw wool prices. There is now a tendency, after unfavorable experiences with raw wool prices, to allow producers to carry inventories and order only enough to cover requirements of the merchandise orders on hand.

At the present time wool prices are low, and there is little optimism in evidence on the world wool markets, virtually devoid of buyers.

Dominion Woollens

The company operates four mills, two in Peterborough and one each in Hespeler and Orillia, Ont., and is engaged in spinning and dyeing worsted and woollen yarns, and weaving tweeds, velours, cottons, linens, silks and other fibres.

Volume of business in the current year has been considerably below that of last year, but there is now noticeable an improvement, which may be attributed to seasonal demand.

The dyeing and finishing departments of the Auburn plant at Peterborough were closed recently, and these operations transferred to Hespeler.

It is considered unlikely that operations will be as satisfactory in the current year as in the previous year. For an 18 months period ended Dec. 31, 1937, a net profit of $521 was shown, as compared with $3,660 in the 1936 fiscal year.

Bond interest of $31,755 was paid on Jan. 3, 1938, covering requirements on the 6% bonds for the half year ended Dec. 31, 1937. Under terms of the reorganization carried out in 1935, no interest was paid on the bonds up to July 1, 1937, but became a fixed charge cumulative from that date.

Clear Up Labor Trouble

Operations were adversely affected in the 18 months period by labor difficulties experienced at the Peterborough plants in the summer of 1937. Production was tied up for a period of eight weeks.

Heavy losses were incurred by the company during the depression years but substantial improvement occurred in the year ended June 30, 1936, and the 18 months period ended Dec. 31, 1937.

The 6% preferred shares are non-cumulative and participate equally with the common shares in any further dividends paid in the year.

Working capital has been on nearly the same level for a number of years. Inventories were higher at the end of the last period due to slackening in activity during November and December. They were written down to lower prices than those current at the close of the year, and the company should benefit from this adjustment.

Can. Wool Growers

Canadian Co-operative Wool Growers is a co-operative organization, formed to grade and market wool. The organization consists of collecting and grading organizations throughout the Dominion, with branches and warehouses at Lennoxville, Que., Weston, Ont., Regina, Sask., and is affiliated with associations across Canada.

There are 11,714 common shares, of $10 par value outstanding, of which no member is allowed to hold more than 50 shares. Dividend payments varying from 4% to 8% have been paid since 1929.

For the fiscal year ended Feb. 28, a net loss of $145,027 was shown, and the surplus balance was entirely wiped out. In 1937 net profit amounted to $45,581 and in 1936, $45,530.

Working capital suffered a severe drop in the 1938 fiscal year, declining to $104,260 from $265,937 in the previous year.

The past fiscal year was the most difficult in the company's history, Geo. E. O'Brien, general manager, stated in the annual report. There was a large decline in prices obtained for the 1937 clip and buying orders dried up.

Other factors adding to the company's difficulties were heavy inventories awaiting liquidation; the international situation, and the hesitancy of buyers.

The company's business for the present year is dependent upon the course of the wool market.

Paton Mfg.

Operations and earnings of Paton Manufacturing Co., one of the largest and oldest woollen organizations in Canada, are understood to be on a relatively satisfactory basis. However it is difficult to give an accurate survey of the company's position, inasmuch as the management does not make public any statement on sales, while a balance sheet has not been published since 1935.

The company is controlled by interests associated with Dominion Textile Co. It is a large manufacturer of woollen and worsted cloth of all descriptions and blankets and rugs. The company also dyes and finishes cloth.

Some idea of the company's progress may be gained from the fact that late last year it was announced that Paton Manufacturing would construct a $150,000 addition to the plant at Sherbrooke. The new building, completed early this year, is being used for finishing purposes.

Penmans

Like other textile operators, Penmans Ltd. looks forward to increased sales in the fall to offset the relatively poor showing in the first half of the year.

At the end of last March Penmans had $702,000 worth of business on its books, a decrease of $862,000 from the same date the year before. Speaking to the shareholders at the annual meeting in April, R. B. Morrice, president, stated that while volume of business on hand might appear to be disappointing, business might be expected to come along and restore the fall picture.

Export business in 1937 totalled $220,000. Business is being worked up in England, Ireland, British West Indies, South Africa, New Zealand and China. Newfoundland business amounted to $62,000 in 1937.

Operations Are Stable

While export contributes to the operations and earnings of the company, still its welfare depends largely upon the domestic trade. The company operates on a national scale and its diversified line of products including all kinds of woollen, cotton and silk knitted goods, gives it a degree of diversification which makes for stability of operations.

Sales of Penmans have been maintained at a consistently high level for several years past. Last year was an exceptionally good one for the company, sales amounting to $6.2 millions. Normally sales averaged between $5 and $5.5 millions a year. Net profits of the company have averaged around $300,000 a year. As a consequence the company has been able to pay the dividends on its preferred and common stock, with a balance to be carried forward to profit and loss account.

Financially the company occupies a very strong position. At the end of last year current assets totalled over $2.7 millions, as against current liabilities of only $162,042.

Can. Cons. Felt

Canadian Consolidated Felt Co., controlled by Dominion Rubber Co., makes felt and knit goods in its plant at Kitchener, Ont. Prior to the spring of 1937 the company operated a leather shoe department.

Both finances and operating revenues of this company have been on an unsatisfactory basis for some years. In 1937, for example, net sales amounted to $521,038, while the cost of goods was in excess of that figure. Similar results were reported in 1936 and 1935.

While the company has been operating at a loss in the last three years, interest and sinking fund payments have been met regularly on the bonds. The latter are guaranteed as to principal, interest and sinking fund by the parent company.

There have been no earnings available on the capital stock for many years. The preferred is held, while the majority of the common is owned by Dominion Rubber Co.

Stanfields

Sales of Stanfields Ltd., one of the larger wool and rayon underwear manufacturers in the Dominion, have been on a lower basis so far this year while the profit position of the company has been slightly affected by inventory losses. However, the business of the company shows little fluctuation from year to year and the results so far, while not as good as last year, do not indicate that there will be any major change in the profit and loss statement. Indications are that the common dividend will be covered by a wide margin.

On its present capital set-up, the company has a limited fixed obligation. The outstanding debt amounts to $180,000 of 4% 10-year bonds. The capital stock comprises only 10,000 shares of no par value. Over the last four years the company has earned an average of around $140,000 after bad debts, depreciation, taxes, etc. In 1937, for example, net profits available for dividends on the common stock amounted to $133,704 as compared with dividend payments of $25,000.

In the course of years the company has built up a strong financial position. At the end of 1937 current assets amounted to $1,473,241 as against current liabilities of only $208,949. Cash and call loans totalled better than $800,000, while inventories were less than $300,000.

Woollens

Bonds	Int. Rate %	Maturity	Outstanding $	Times Int. Earn. After Deprec. 1937	1936
Canadian Consolidated Felt:					
1st Mtge. S.F.	6	1940	112,500	Nil	Nil
Dominion Woollen & Worsteds:					
1st Mtge. S.F. Gold	6	1953	1,058,500	0.52	0.08
Paton Manufacturing:					
1st Mtge. S.F. Gold	4½	1956	700,000	....	....
Penmans:					
1st Mtge. S.F.	5½	1951	1,733,000	4.62	4.37
Stanfield's:					
10-yr. Serial	4	....	180,000	....	....

Stocks	Outstand. $	Earned Per Share 1937 $	1936 $	Div. Rate $	Price Range 1937-38 High	Low	Last Price	Yield %
Canadian Consolidated Felt:								
Pref. cum., par $100	500,000	d10.30	d14.91	Nil	..	..	..	..
Com., par $100	1,500,000	Nil	Nil	Nil	..	..	..	..
Canadian Co-operative Wool Growers:								
Com., par $10	117,140	*d12.38	*3.92	4.00	..	..	..	..
*Years ending Feb. 28, 1938 and 1937.								
Dominion Woollens & Worsteds:								
Pref. non-cum., par $20	1,270,200	0.01	0.06	Nil	..	..	..	..
Com., n.p.v.	85,585 shs.	d0.88	d0.88	Nil	..	..	..	..
Paton Manufacturing:								
Pref. non-red., par $100	600,000	....	....	7.00	110	100	100	7
Com., n.p.v.	10,000 shs.	....	....	Nil	20	15	15	..
Both issues closely held.								
Penmans:								
Pref. cum., par $100	1,075,000	30.53	28.49	6.00	130	122	124	4.8
Com., n.p.v.	64,518 shs	4.09	3.75	3.00	63¾	46	46½	6.4
Stanfield's:								
Com., n.p.v.	10,000 shs.	13.37	13.68	*2.50	..	..	..	..
*Paid Jan. 15, 1938.								

Textiles Centred In the East

Quebec Leads in Cotton, Silk — Ontario in Other Lines

Canada's textile industry is concentrated in Quebec and Ontario, with a substantial, but relatively small, proportion in the Maritime Provinces, according to report of the Royal Commission on the textile industry. Quebec leads in cotton, silk and thread manufacturing, while Ontario is first in woollens, hosiery, and knit goods, carpets, specialty fabrics, and cordage.

The latest returns show that the cotton yarn and cloth industry was divided between the provinces roughly as follows: Quebec, 65%; Ontario, 27%; Maritime Provinces, 8%. Manufacturing in the Maritimes has been declining relatively since 1900, and actually since the end of the war. The development of specialty manufacturing in Ontario during recent years has tended to maintain the position of that province.

The proportion of woollen cloth manufacturing in the various provinces tends to change with the relative prosperity of the industry. In the period of expansion prior to the late 90's, Quebec increased in importance as a woollen manufacturing province, containing roughly 20% of the industry in 1900. But with the decline in the industry, Quebec's share dropped to about 10% in 1920.

The position held for the Maritimes has likewise changed, falling from roughly 12% in 1910 to 3% in 1935.

The expansion of the industry since 1930 increased the proportion of the industry in Quebec to 24% in 1935, while Ontario's share was about 73%. Woollen yarn manufacturing, as a separate branch, was carried on to the extent of about 86% in Ontario since 1935.

Quebec is Silk Centre

Silk manufacturing, as the history of the industry shows, was confined almost entirely to Quebec until the outbreak of the war. In 1925, however, there were six plants in Quebec, and four in Ontario, excluding artificial silk factories. Five years later the number of plants had increased to 14 in Quebec, and nine in Ontario. Since 1930 more silk mills have been established in Quebec than in Ontario. The number in operation in 1936 was Quebec, 23; Ontario, 10. Excluding the data for artificial silk plants from the census figures, it will be found that on the basis of employment, Quebec held 79% of the industry, and Ontario 21% in 1935.

Silk Follows Prosperity

Buying Power Holds Key to Welfare of Industry

Silk manufacture has fluctuated largely with the degree of world prosperity. In the period leading up to the boom of 1929, consumption of silk tissues expanded in most countries. During the depression, despite the drastic decline in prices, the demand for silk fabrics fell off.

Curtailment of silk manufacturing was due not only to the loss of purchasing power, but also to the growing competition of the newer rayon products. On the other hand the increasing popularity of silk hosiery resulted in the maintenance of the demand for this silk product during the depression. Production of silk hosiery has advanced in Canada, and United States and in other countries as well during recent years.

While the fortunes of the silk manufacturing industry have thus tended to fluctuate cyclicly, it would nevertheless appear, from the figures of imports of raw silk used for processing by the importing companies, and the industry's manufacturing activity, that the silk textile industry is undergoing expansion in a number of countries, in which the United Kingdom, Japan, and Canada are the most important.

Rayon manufacturing, on the other hand, is a new industry in all countries and is developing rapidly. The annual production has been rising steadily since 1925 with only a slight pause in the earlier years of the depression.

WOOLLEN EMPLOYEES INCREASE

Average number of wage earners employed in the woollen textile industries of Canada throughout 1936 showed a considerable increase, there being a total net gain of 759. The maximum number recorded was 11,263 in November, while the minimum was 10,527 in May.

IMPORTS ARE HIGHER

Imports of cotton and its manufactures into Canada increased from a value of $33,377,112 in 1935 to $39,783,269 in 1936.

ONTARIO SILKNIT LIMITED

590 King Street West
Toronto, Ont.

—Manufacturers of—

Rayon Knitted Lingerie shown in a variety of Novelties and Staple Garments.

"Dunning Line" Pure Silk, Satin, Rayon, Taffeta and Bemberg Mixtures.

Men's Rayon Undergarments and Polo Shirts — for men who appreciate superior comfort.

Aberley Sweaters and **Catalina Swim Suits.**

"Lombardi Fancy Wool Patterns" — Manufactured under exclusive rights for Canada. For the dress trade.

Our extensive plant equipment of modern knitting machinery, with consequent large production, enables us to supply Knitted Rayon Fabrics at exceptionally attractive prices. Goods are dyed in our own plant, under the supervision of specialists.

Dunning Lingerie

ONTARIO SILKNIT LIMITED

Largest Manufacturers of Rayon Fabrics, Silk and Rayon Lingerie in the British Empire.

WINDSOR WEAR
FOR MEN
The Aristocrat of Undergarments
A Complete Range of Underwear in Spring, Summer and Fall Weights. Pure Wool, Wool and Silk, Cotton Tailored to Fit Properly
Zipper Polo Shirts

EVANGELINE SILK TEX (Reg'd)
FOR WOMEN
A Superior Line of Lingerie for Ladies — Manufactured from the Finest Quality of Artificial Silk
Expertly tailored in authentic styles and colors, assuring the Ultimate in Comfort and Daintiness

NOVA SCOTIA TEXTILES LIMITED
WINDSOR NOVA SCOTIA

ELECTRICAL EQUIPMENT for the TEXTILE INDUSTRY

Wires and Cables
Colour Matching Units
Mercury Vapour Lighting
Glassteel Diffusers
Dust-tight and Vapour-proof Fixtures
Motors — Generators — Transformers
Vacu-Break Switches
Panelboards and Cabinets
Electrical Supplies

Northern Electric Company Limited
A NATIONAL ELECTRICAL SERVICE
40-438

THE TRUTH about CANADIAN TEXTILE WAGES

Canada is a high wage country in the Textile World. This statement is made on the authority of the INTERNATIONAL LABOR OFFICE which not only studies wages the world over, but classifies the textile manufacturing countries into the following groups, with wage rates as of 1935-36.

1st GROUP CHINA, JAPAN and INDIA where hourly wages in gold were less than 20 Swiss gold centimes.

2nd GROUP AUSTRIA, HUNGARY, ITALY, POLAND, and CZECHOSLOVAKIA — where hourly rates were approximately between 35 and 45 gold centimes.

3rd GROUP SWEDEN, GERMANY and GREAT BRITAIN where hourly rates were between 55 and 75 gold centimes.

4th GROUP UNITED STATES and CANADA where wages were over 100 gold centimes per hour.

The Dominion Textile Company Limited, has over 6,000 employees with an annual payroll of over $5,000,000. Its wage rates in common with those of other textile companies in Canada and the United States, are more than 5 times greater than the rates in Group 1, over twice as great as those in Group 2 and at least 33% greater than the rate in Group 3.

DOMINION TEXTILE COMPANY LIMITED
MONTREAL
TORONTO HAMILTON WINNIPEG EDMONTON VANCOUVER

Every dollar expended in surface protection should bring returns commensurate with the amount of money involved.

The years of laboratory research and the experience of Engineers from coast to coast as well as actual tests conducted by us assures you of dollar for dollar value in surface finishes.

Therefore on your next job—get your money's worth—insist on the best—specify THORP-HAMBROCK!

THORP-HAMBROCK CO. LIMITED
MONTREAL

ONTARIO WOOLLEN MILLS LEAD

Canada had 146 woollen textile plants at the beginning of 1937. Of this number 96 were in Ontario, 27 in Quebec, 8 in New Brunswick, 5 in British Columbia, 6 in Nova Scotia, 3 in the prairies and one in Prince Edward Island.

SILK BUSINESS CONTROL

Less than six establishments dominate the artificial and real silk industry in Canada. During 1936 six plants accounted for 69% of the total value of production; five establishments had 77% of the total capital, while the same number of plants employed 68% of the total number given employment.

An Outstanding Canadian Industry

For more than a quarter century, The Wabasso Cotton Company Limited has developed until it is today one of Canada's outstanding textile organizations.

The great modern factory houses the newest mechanical equipment for the production of fine cottons and associated lines and employs over 2,400 skilled workers.

Wabasso has steadfastly held to the policy of quality first; with the gratifying result that the name Wabasso is a household word throughout Canada and stands for the finest cottons that can be made.

Manufacturers of

Sheets — Sheetings — Printed Cottons
Slips — Pillow Cottons — Broadcloths

The Wabasso Cotton Co., Ltd.
THREE RIVERS, QUE.

A Great Canadian Industry

Converters Holding their Position

Converters

Bonds	Int. Rate %	Maturity	Outstanding $	Times Int. Earn. After Deprec. 1937	1936
Tooke Bros.: 1st Mtge. S.F.	7	1942	179,500	4.15	Nil
Woods Manufacturing: 1st Mtge., A	3-4	1939-47	400,000	....	3.55
	4½	1952	260,000		

Stocks	Outstand. $	Earned Per Share 1937 $	1936 $	Div. Rate $	Price Range 1937-38 High	Low	Last Price	Yield %
Canadian Converters:								
Com., par $100	1,733,500	*0.50	*0.07	Nil	32	6	8½	..
*Years ended Apr. 30, 1938 and 1937.								
Tooke Bros.:								
Pref. cum., par $100	985,000	3.35	†d5.93	Nil	34¾	9	9	..
Com., n.p.v.	8,725 shs.	d4.12	†d14.59	Nil	6	¾	¾	..
†For 18 months period ended Dec. 31, 1936.								
Woods Manuacturing:								
Pref. cum., par $100	1,528,300	d6.82	4.75	Nil	85	40	45	..
Com., n.p.v.	17,106 shs.	d12.35	d2.01	Nil	..	..	..	..

Conditions in the converting textile trade have been fair to good this year, though business has shown a tendency to drag. Total volume of sales is behind last year. While the dollar value or percentage decline is not overly great, there is room for a measure of improvement.

Unseasonable weather has been a handicap to this branch of the textile industry on recent months. July sales were satisfactory, but in other months the weather has been tricky. Distribution problems have been further increased by the fact that the buying public has not been in the mood to spend freely.

Tourists Buy Less

Sales of textile goods have been affected by another cause—limited purchasing by tourists. This trend also has been very noticeable in other lines of merchandise.

While conditions to date have not been as good as expected earlier in the year, the prospects between now and the end of the year hold out promise for a larger volume of sales. The better crop in the West assures a substantial buying power in that area. The textile converters are counting on this and hope to develop a good volume of trade with the western provinces before the year ends.

As far as the eastern provinces are concerned, the buying appears to have been held off until the business outlook clears and also to see whether there will be any changes in the tariff. Both of these situations are expected to clear up shortly, when the trade expects distributors will do more advance buying.

"Free Entry" Felt

The matter of competition is still a keen one with the domestic textile converters. There has been a fair measure of dumping of American goods in the country. At same time the privilege granted to Canadian tourists to bring back $100 worth of goods into the country free of duty charges has had its effect on domestic trade. Quite a large proportion of the goods brought in by returning Canadians have been fabricated textiles and as the total of such exempted goods runs into several millions, the effect on local trade is only too apparent.

On the whole, however, the textile converters have been experiencing a fair year.

Tooke Bros.

Tooke Bros. Ltd., textile converters, started off the current year with prospects of doing a larger business than in 1937. At the end of the first quarter sales were 16% higher than at the beginning of the year. However, at the half-year mark, sales were reported to be about 8% lower than for the like period a year ago. In comparing sales for 1938 with those of 1936, there is an increase of about 12% this year.

The sales experience of Tooke Bros. to date has not been dissimilar to those of other manufacturers. The slowing down in demand was general throughout all branches of the textile industry, and not confined to the converting trades. At this time conditions appear more hopeful and it is likely that sales for the last half of the year will show an upward trend. Whether or not the gain will be sufficient to offset the loss in the first half is problematical, but results for the full year are expected to be fairly satisfactory.

During 1937 the company reported an operating profit of $79,422. This was the first time the company was able to report net earnings since 1931. While the losses for any one year, except 1933, have not been very great, the continued adverse results resulted in a decline in the net working capital from $910,899 in 1931 to $478,085 at the end of 1937. Financially the company is not badly off, as at the end of last year current assets amounted to $551,765 while current liabilities totalled only $73,680.

Due to limited earning power the company has not been able to do anything more than meet bond interest requirements. Dividends on the preferred stock have been in arrears since 1931, and at January 15, 1938, amounted to $45.50 a share.

In connection with the bonded debt, it is interesting to note that interest charges have been steadily reduced and in 1937 amounted to only $12,948. The par value of the first mortgage bonds outstanding totalled $179,500 last December, while a further block was retired on June 1 last.

During the current year a change in the management took place. H. H. Woodward was elected president to replace W. K. Trower, who resigned after disposing of a portion of his holdings to a syndicate headed by Mr. Woodward. F. J. Knox, Montreal, also resigned from the board of directors.

Can. Converters

Textile converters are experiencing an off year. Reflecting this last July, Canadian Converters Co. deferred the dividend on the common stock for the time being. Hitherto the company has been paying dividends at the rate of 50 cents a share quarterly.

The record of Canadian Converters in recent years can hardly be considered a satisfactory one. The company is operating in a highly competitive field.

Limited Earning Power

In the last seven years net profit available for dividends only amounted to a few thousand dollars annually, and in only one year was the company able to cover the dividend on its common stock, namely, 1934. Nevertheless the company has paid dividends regularly due to a strong working capital position.

Lower Working Capital

In maintaining this policy the net working capital has been affected. At the end of the 1931 fiscal year there was an excess of current assets over current liabilities of $702,727. At the end of April, 1938, the favorable balance had been reduced to $598,379.

In common with other textile companies, Canadian Converters has been carrying comparatively large inventories. In the last fiscal year steps were taken to reduce them to more moderate proportions. As at April 30, 1937, the inventories reached a record figure of $559,875, while at the end of last April they had been reduced to $495,287. The latter is slightly above average but is more or less considered normal for the volume of business carried by the company.

Woods Mfg.

Woods Manufacturing Co. report that both sales and profits declined in the first half of the current year as compared with a like period of 1937. In recent weeks, however, sales have been better; outlook for the second half of the year has improved somewhat. If a good volume of business is obtained in this period then it is probable final results will not be any worse than in 1937.

Last year the company reported a net loss of $104,291, largely as a result of inventory losses and the strike at the Welland mill of the company's subsidiary, Empire Cotton Mills. Heavy depreciation in inventory values which resulted in drastic decline in prices of raw materials at the end of last year, reduced manufacturing profits by $150,000. In the absence of such adverse factors in the current year, the company is hopeful of reporting more favorable results than in 1937 on the smaller volume of business.

Hit at Earnings

The strike at the Welland mill last year resulted in an eight-week shutdown at the plant. The outlay during this strike had to be absorbed in the year's operations. The effect of this on the returns is readily apparent, the company reporting an operating profit of only $9,836 as against a profit in the previous year of $201,175. There was a loss on the combined operations in 1937 of $4,561 before either depreciation or bond interest charges.

The record of Woods Manufacturing Co. has been one of ups and downs. Up to 1929 the company had shown a well-established earning power though on two occasions it had recorded a very sharp decline in earnings due to inventory losses. Since 1929 the results have not been satisfactory. In three of the eight years operating losses have been reported, while with the exception of 1934, there has been little or nothing available on the capital stock. At the end of last year arrears on the preferred amounted to $49 a share, making a total contingent liability of $748,867. It is taken for granted that when conditions are opportune, steps will be taken to bring about a capital reorganization, so as to place the company on a sounder footing.

Carpet Firms See Improvement

Carpets

Bonds	Int. Rate %	Maturity	Outstanding $	Times Int. Earn. After Deprec. 1937	1936
Toronto Carpet: Serial and term bonds	..	....	*600,000	....	....
*Issued.					

Stocks	Outstand. $	Earned Per Share 1937 $	1936 $	Div. Rate $	Price Range 1937-38 High	Low	Last Price	Yield %
Guelph Carpet & Worsted:								
Pref. cum. conv. red., par $100	500,000	19.33	16.59	6.50	..	..	..	..
Com., n.p.v.	35,000 shs.	1.83	1.16	1.00	..	..	..	..
Harding Carpets:								
Com., n.p.v.	171,025 shs.	0.39	0.32	.20	7	2¾	3	..
Toronto Carpet:								
Pref. non-cum., par $100	832,000	...	...	Nil	..	..	..	..
Com., par $100	1,000,000	...	...	Nil	..	..	..	..

The carpet industry has suffered extensively in the current year, due to a variety of factors. The rapid decline in commodity prices, especially the low price for wool, forced companies to absorb inventory losses. Retail business, particularly departmental merchandising, has fallen off materially.

Results of Canadian concerns, however, compare more than favorably with those of the United States.

In 1935 there were 24 carpet and rug manufacturing plants in operation. Four companies account for approximately 90% of total output. Largest of these is the Toronto Carpet Manufacturing Co., which also engages in the production of woollen goods through its subsidiaries, the Barrymore Cloth Co. and the Campbellford Cloth Co. In 1935 the Toronto Carpet Co. accounted for 40.3% of the sales of the four carpet companies. Harding Carpets, Ltd., Brantford, accounted for 24.3% of the total.

Hit Hard by Depression

Depression struck the carpet companies hard, as their products are of the class of furnishings whose purchase is readily deferred in periods of economic stress. Before the depression good profits were made by these companies generally. Tariff protection is relatively high.

There is sentiment prevalent that improvement in the industry is imminent. One manufacturer notes the increased interest in the company's merchandise evidenced by more numerous enquiries. It appears certain that, given a measure of assurance, many buyers urgently in need of carpet replacements will soon be in the market.

Toronto Carpet

The company, at its Toronto plant, manufactures Wilton, Axminster, Smyrna, Ingrain and other varieties of carpets and rugs.

No financial statements have been published since 1931, and little data is therefore available for publication.

A reorganization of the capital structure of the company was effected in 1937 to bring its dividend and interest requirements into line with current conditions.

There are 8,320 6% non-cumulative preferred shares of $100 par value outstanding and 10,000 shares of common stock of $100 par value. Serial and long-term bonds to the amount of $600,000 have been issued.

Current unlisted quotations on the common stock vary from $28 to $33, and preferred from $55 to $60.

Harding Carpet

While shipments of Harding Carpets have been maintained within 10% of 1937 figures in the year to date, they have been well ahead of those during 1936. The rapid decline in the price of commodities has reduced inventory values and the company has had to absorb losses from this source. With the steadying of prices there is a possibility that some of the earlier inventory write-downs may be made up.

The company's financial position is strong and it is expected that the current 20 cents dividend can be maintained, even if not covered for this year.

Extensive improvements have been made to the company's plant, with capital expenditures amounting to $64,000 in the year ended Apr. 30, 1938. Last year the company installed a machine for spinning its own woollen yarns. It is understood that this change has worked out quite satisfactorily for the company. The improvements carried out probably will mean that much of the annual depreciation reserve, amounting to $54,478 in the year ended Oct. 31, 1937, will not actually be required as cash expenditures this year.

Net profit for the fiscal year ended Oct. 31, 1937, increased to $66,321 from $54,322 in the previous fiscal period. Volume of sales increased about 27% over that of the 1936 fiscal year, but profit from operations did not show a proportionate increase due to the rise in the cost of raw materials.

Guelph Carpet

The company manufactures at its two plants in Guelph, Ont., a wide variety of rugs, tapestry and carpets.

Its earnings record is one of remarkable stability, varying only little throughout the worst years of the industrial depression. In the fiscal year ended Sept. 30, 1937, net profit amounted to $96,629, the highest since 1931, when net profit was $97,682. In 1936 the figure was $82,942.

Surplus, therefore, has been mounting steadily in recent years and dividend requirements have been amply covered.

At Sept. 30, 1937, there were $500,000 of 6½% preferred stock outstanding, and 35,000 shares of no par value common stock.

Dividends have been paid on the common stock each year since incorporation of the present company in 1929. On Nov. 1, 1937, $1 a share was paid, a similar amount having been paid Nov. 1, 1936.

Preferred stock redemptions have progressively reduced dividend requirements since 1930. Preferred dividend requirements in that year amounted to $64,846, as against $32,500 for the year ended Sept. 30, 1937.

The working capital improved during the last fiscal year, and over a period of years has been nearly uniform.

Prospects for the present year are governed by the same factors that apply to the industry as a whole—business trends, inventory condition and competition.

Canadians Hold Control

Canada's textile industry is controlled by Canadian interests, the Turgeon Commission found as a result of its investigation of the industry. In only a few branches do British or United States control companies which handle any large part of the trade.

The artificial silk yarn branch is a notable exception. There are only two manufacturing concerns, one of which is controlled by the parent company in England, and the other British and United States interests.

In the case of the thread companies, the largest company is a subsidiary of a Scottish firm.

The cotton yarn and cloth companies, and the carpet companies are controlled by Canadian interests. In the silk and hosiery division a substantial proportion of the investment is controlled by United States.

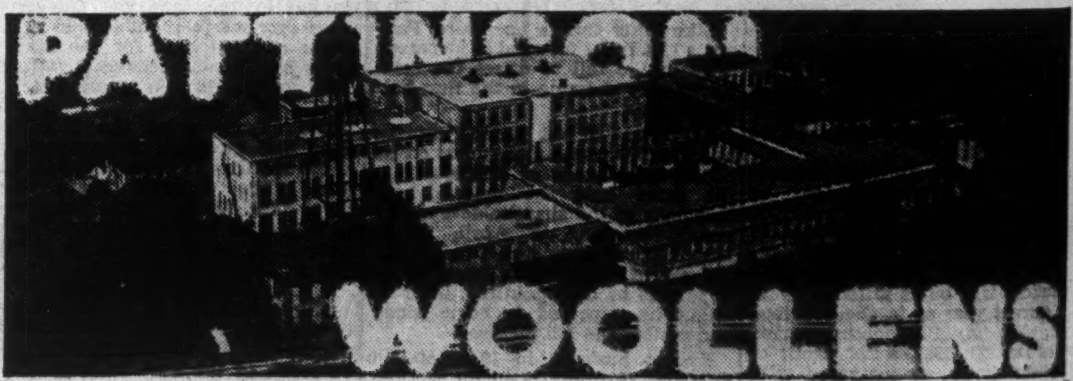
The following table prepared from the proceedings of the Price Spreads Commission indicates the financial control of the various branches of the industry:

Control of Capital Invested in Canadian Manufacturing Plants, 1933

	Silk %	Woollens %	Hosiery %	Knit Goods %
Canadian	69.2	83.7	54.6	98.7
United States	20.8	5.3	23.5	0.9
Great Britain	10.0	11.0	....	....
Canadian and United States (jointly)	....	....	21.9	0.4
Total	100.0	100.0	100.0	100.0

MERCURY MILLS
LIMITED
Manufacturers of
Mercury Brand
Fine Silk and Woollen Hosiery and Underwear
for
Men, Women and Children
Canadian Manufacturers of
Van Raalte Hosiery
Van Raalte Lingerie
Dr. Denton's Sleeping Garments for Children
Associate Company
Maitland Spinning Mills, Listowel
HEAD OFFICE - HAMILTON, Ontario
Sales Offices in principal cities

MONARCH-KNIT
Knitted Outerwear for Men, Women and Children
Debutante Full Fashioned Hosiery for Women
Men's Silk and Wool Socks
Seamless Hosiery for Women and Children
Hand Knitting Yarns
The Monarch Knitting Company, Ltd.
Factories at
Dunnville, St. Thomas, St. Catharines
Head Office: Dunnville, Ont.
Branch Offices:
Toronto, Hamilton, Ottawa, Winnipeg, Calgary, Vancouver, Moncton
also
The Monarch Knitting Company of Quebec Limited
Confederation Building, Montreal



Recognized Leaders in the Canadian Trade for Sixty-Eight Years

"Pattinson Woollens" are known and accepted for their high standard of quality that is constantly dependable—from year to year. Our mills at Preston are commonly recognized as the most modern and best equipped in Canada. Uniform weaving, superior finish, up-to-date patterns and colours as well as the use of quality yarns are features of "Pattinson Woollens."

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Overcoatings — Topcoatings
Tweed Suitings — Mackinaws
LADIES'
Cloakings — Blanket Cloths
Polos — Tweeds
GEO. PATTINSON & CO.
LIMITED
PRESTON — *Established 1870* — ONTARIO

Penmans Maintain Leadership

Canadian men and women have honoured Penmans with 70 years of support. Penmans endeavour has always been to deserve this loyalty by fulfilling its responsibilities to the public, by anticipating its needs for knitted products which insure comfort, style and satisfactory wearing quality.

Earning and maintaining the prestige of leadership is Penmans responsibility. Penmans recognize this by always adhering to the highest standards in materials, craftsmanship and styling.

Officers and Directors:
Sir Charles Gordon, G.B.E., Chairman
R. B. Morrice, President
Archie F. Baillie, Vice-President
H. W. Lundy, General Manager
C. B. Robinson, Secretary-Treasurer

Mills at:
Paris, Ontario,
London, Ontario,
Brantford, Ontario,
Waterford, Ontario,
St. Hyacinthe, Quebec,
Coaticook, Quebec.

Penmans
PEN ANGLE KNIT-GOODS
HEAD OFFICE - PARIS, ONTARIO
QUALITY HOSIERY - SPORTS GARMENTS
KNITTED UNDERWEAR AND OUTERWEAR

Men's Clothing Important Industry

Miscellaneous Section of Textiles Principally Apparel—Picture For Binder Twine Firms Improves

Included in a miscellaneous classification is a distinct and important section of the textile industry.

In this class is Tip Top Tailors, the largest manufacturer of men's clothes in the Dominion, Biltmore Hats, Brantford Cordage and Acme Glove.

Substantially the same factors that affect and determine the fortunes of the textile industry as a whole, also shape the prosperity of the companies.

The largest number of these miscellaneous companies depend on sales of men's clothing. Purchase of clothing is one of the most sensitive barometers of business conditions, and will therefore react very quickly to any betterment of sentiment.

Sales of binder twine are, of course, vitally dependent upon agriculture and in the depression years, which approximately coincided with bad crop years, there was a serious curtailment in output.

Tip Top Tailors

The company is engaged in the manufacture and distribution of men's and women's clothing through its stores in Canada, which numbered 54 at Dec 31, 1937. In addition there were 2,500 agencies over the Dominion. The company also controls a number of other clothing concerns. Several new sales branches have been opened in the current year as part of the company's programme of development.

During the first half of the present year there was a decrease in sales and profits, but there has been an acceleration of fall orders in the last couple of weeks, and the company hopes to attain the same volume as that of last season.

Prospects for the rest of the year are considered good.

Costs of materials, down in the first half of the year, have risen, but labor costs remain the same as in the previous year.

Import 60% of Materials

Approximately 60% of the company's materials for suits are imported from England, and consequently tariff changes are of the utmost importance to the company.

Net profit for the fiscal year ended Dec. 31, 1937, was the highest since 1929, amounting to $282,715, as compared with $157,058 in 1936. Earnings of the preferred stock were $26.84 a share in 1937, and $13.14 in 1936. Common earnings were $1.70 and 59 cents, respectively.

Further redemption of the preferred shares took place during 1937, and 1,421 shares were purchased on the open market and cancelled.

Present rate of dividend payments on the common stock is 60 cents a share annually. An extra of 10 cents a share was paid along with the regular quarterly payment on Jan. 2, 1938.

The working capital position of the organization has remained remarkably steady during the past four years, and a substantial ratio between current liabilities has been maintained.

Biltmore Hats

The company manufactures men's fur felt and velour hats at its plant in Guelph, Ont., and operates sample rooms in the principal cities of Canada.

According to President F. R. Ramsey, the position of "Biltmore" hats in the trade was well maintained in the year ended Nov. 30, 1937. Because of increased costs of raw materials and increased labor charges, without corresponding increases in selling prices, net earnings declined for the 1937 fiscal year to $178,318 from $191,695 for the previous fiscal year.

Net profit amounted to $109,006, before deducting the preferred redemption provision, as compared with $119,687 in the previous year.

A split in common stock was made in 1937 on a basis of four new shares for one old, and the number of outstanding shares was thereby increased to 80,000.

Redeem Preferred Stock

An initial dividend of 25 cents a share was paid on the common stock on July 15, 1937, which was equivalent to the regular payment of $1 a share on the old common.

The working capital position of the company has been improving steadily.

To redeem all the outstanding preferred stock on May 14, 1938, the company sold privately $175,000 of serial debentures, but since $222,090 was needed for the redemption the additional $47,000 was taken from the treasury.

During the current year labor trouble has added considerably to the company's difficulties.

Brantford Cordage

Brantford Cordage Co., Brantford, Ont., is the largest manufacturer of binder twine in the British Empire, and supplies about one-quarter of Canadian demand. Two-thirds of its output are used in Canada and the other third is exported.

The company's year ends Aug. 31, but no indication has been officially given of the company's business during the year. It is thought, however, that with greatly increased threshing operations in the Canadian West and other parts of the world, the company will profit accordingly.

A cautious sentiment is prompted, however, by the rise of combines in certain sections which obviates the use of binder twines.

In the year ended Aug. 31, 1937, net profit declined to $268,117, from $298,273 in the previous year. Regular dividends have been paid on the first preference stock since the initial quarterly payment on Oct. 15, 1936. Nothing has been paid on the second preference since Jan. 30, 1936, and arrears amounted to $17.83 a share at Aug. 31, 1938.

Working capital increased to $1,794,866 in the 1937 fiscal year from $1,734,964 in the preceding year.

Acme Glove

Operations and earnings of Acme Glove Works for 1938 depend upon the outcome of sales in the last four months. This is the heavy selling period of the year, as the volume of business placed on the books at this time determine whether or not the company will show larger or lower earnings than the year before.

Up to the present time operating conditions have been only fair. Further prospects for the balance of the year are somewhat indefinite.

One favorable factor this year has been the relative stability in the prices of raw materials. In the last quarter of 1937 there was a sharp decline reported in the price of hides, wool, and other commodities. Consequently the company had to adjust its inventories with market levels. The write-offs affected the year's net profits.

Both in 1936 and 1937 Acme Glove paid the regular dividend on its preferred, and was able to put the common on a dividend basis of 50 cents a share annually. After these payments there was a small surplus recorded in both years.

Financially the company has improved its position. At the end of 1937 current assets exceeded current liabilities by $910,945. At the end of 1933 there was an excess of liabilities over current assets of $34,932. However, it is noted that in 1937 report inventories accounted for $710,712 of the total current assets of $954,427.

Miscellaneous Textiles

Bonds

	Int. Rate %	Maturity	Outstanding $	Times Int. Earn. After Deprec. 1937	1936
Biltmore Hats:					
Serial Debs.	3½-3¾	5-years	75,000	....	....
	4	1944	100,000	....	....

Stocks

	Outstand. $	Earned Per Share 1937 $	Earned Per Share 1936 $	Div. Rate $	Price Range 1937-38 High	Low	Last Price	Yield %
Acme Glove Works:								
Pref. cum conv., par $100	687,900	8.34	8.54	6.50	94	70	70	9.3
Com., n.p.v.	24,000 shs.	0.53	†0.58	.50	18½	5	5½	..
†After allowing full year's dividends on new preference stock.								
Biltmore Hats:								
Com., n.p.v.	80,000 shs.	†1.07	†4.73	.50+.12½	16⅞	8	8	7.8
*New. †Old. Preferred stock redeemed May 14, 1938.								
Brantford Cordage:								
1st Pref. cum. red., par $25	973,625	6.88	7.46	1.30	26½	21	24	5.4
2nd Pref. cum. red., par $25	722,500	7.50	†7.24	Nil	..	..	..	..
Com., n.p.v.	80,000 shs.	2.08	†2.33	Nil	..	..	..	..
†Based on new capitalization.								
Tip Top Tailors:								
Pref. cum. red., par $100	1,053,200	26.84	13.14	7	110	100	105	6.7
Com., n.p.v.	120,000 shs.	1.70	0.59	.60+.10	16	10	13	5.4

—Photo, C.I.L.

Designing the carpet—Canadian manufacturers have introduced a wide variety of new carpet designs in the last year as fashion has called for increasing use of full sized rugs.

Dom. Explosive Stock Offered

Propose to Make Explosives at Trenton from Special Formulae

Plans are under way to raise capital for the construction of a plant by Dominion Explosive Products Ltd. at Trenton, Ont.

The company was incorporated in 1936 under Dominion laws and some attempt was made to raise capital at that time but no operations were ever started. It is understood that difficulties that stood in the way of launching the enterprise at that time have been overcome.

Dominion Explosive Products has acquired from H. R. Cory, Trenton, rights to formulae and processes formerly used by Dominion Explosives Ltd. a number of years ago. It is claimed that the explosives made under these formulae are safer, give less gas and are a general improvement on those now in commercial use.

Capitalization of Dominion Explosive Products is 200,000, 6% preference shares of $10 par value and 100,000 no par value common shares. Of this capital, 20,000 preference shares and 100,000 common have been issued to H. R. Cory, as vendor. Of the common shares, 99,995 shares are held for the account of John Lumsden, former owner of the formulae and processes.

The preference shares carry a fixed cumulative dividend of 60 cents and participate share for share with the common in any additional dividends paid. Both preference and common shares carry one vote per share.

The present offering being made by H. R. Cory & Co., Trenton, is for 100,000 preference shares at $10 a share. It is estimated that this offering, when completed, will net the company $850,000. This is to be applied to pay preliminary expenses estimated at $3,000, ordinary corporate expenses estimated at $100 a month until plant construction is completed, $332,500 to purchase a site and erect a factory at Trenton with a daily capacity of 60 tons of explosives and $250,000 for working capital. The 100,000 preference shares are under option at $8.50 a share, payable at the rate of 25,000 shares by Dec. 31, 1938, 25,000 shares by April 30, 1939, and 50,000 shares by Dec. 31, 1939. None of the stock is firmly underwritten.

Officers and directors of Dominion Explosive Products are as follows: H. R. Cory, president, Orloff Alyea, vice-president, Rob. G. Weddell, Nathaniel J. McNair, all of Trenton, and John Lumsden, managing director, Toronto; Wilbert R. Cory, secretary; Edward Lee, treasurer.

Piccadilly offers you the same fragrance and flavour—the same distinctive quality—that are so much appreciated by English pipe smokers.

It is a real "London Mixture"—slow-burning and cool—which never bites the tongue. Whether you are a confirmed pipe smoker or a beginner you will find Piccadilly completely satisfying.

Piccadilly
LONDON
SMOKING MIXTURE
MILD

Agreement Reached In Collingwood Dispute

Agreement has been reached in the discussions between Collingwood Terminals, Ltd., and the town of Collingwood. Around the end of August the town brought foreclosure proceedings against the elevator company and as part of the terms of settlement this action is ended.

Under the new agreement, the company will pay the town $39,350 with interest to date of payment, covering interest and principal due Dec., 1937, on the mortgage held by the town. This will permit the town to pay its defaulted principal on the debentures it had issued to provide funds for the original loan. An extension on further payments has been granted to July 1, 1939, by the town. A loan of $25,000, secured by book debts, has been obtained by the company to provide the major part of the funds required for the payment to the town.

A committee of four representatives of the town and three from the company has been formed to complete the adjustment of the terms of the mortgage and fix taxes to be levied against the company. Any tax agreement will be subject to ratification by the ratepayers.

Expansion Contemplated By B. C. Aircraft Firms

VANCOUVER.—In the event of new orders for British and Canadian war planes being placed with aircraft firms in British Columbia, as indicated in the recently announced plan for Canadian production of machines for the Mother Country, considerable expansion of plants in the province would be necessary.

Boeing Aircraft, Ltd., with a plant employing more than 200 men in Vancouver, is now engaged in building Blackburn Shark bombers for the Canadian Government, and it hopes to receive additional orders shortly. If, as anticipated, Boeing receives new contracts of considerable volume from the British Government, the company will expand by establishing another factory on Sea Island, close to the Vancouver airport. Plans for the $300,000 project are now being worked out.

Coates Ltd., which is the western agency for Fleet Aircraft, has plans for a $70,000 factory to build planes for Canadian use.

The fact that Canada plans an extensive military air organization on the Pacific coast is regarded as a factor favoring the building of planes west of the Rockies. Landing fields are being established at new locations on Vancouver Island and at various strategic points along the coast.

Frontier Royalties Will Make Initial Distribution

An initial dividend will be paid shortly by Frontier Royalties, according to J. G. Gemmell, secretary of Anglo-Canadian Oil Co., and its associated companies. The distribution will amount to over $80,000 and will make Frontier the fifth company in the Anglo-Canadian group to commence the payment of regular dividends.

A FEW CANDID WORDS ABOUT BANK EARNINGS

★ ★

Half of one per cent. a year on total assets is not much of a profit margin for any business, corporate or individual.

Yet that is all the "velvet" there is in the business of Canada's chartered banks.

Banks pay interest on personal savings deposits. They charge interest on loans.

The difference is not all "velvet" by any means—for these reasons:

(a) It costs money to operate a bank.
(b) The cash reserves held by the bank earn nothing.
(c) A bank must provide for losses.
(d) Earnings on a great deal of a bank's assets are very low.

More than 25,000 people are employed in Canada's banks. In the last ten fiscal years Canada's chartered banks have paid in wages and salaries, some $376,000,000 — purchasing power distributed over the Dominion.

In the same ten years banks paid in taxes to municipalities $40,831,930; to provinces $14,429,320, and to the Dominion, $24,027,324, a total of $79,288,574.

Banks have other costs, too: Rent on premises; stationery and printing; light, water and fuel; contributions to pensions and group insurance for employees. Depreciation on buildings takes a large amount each year.

Any money a bank pays—taxes, wages or other costs—can come only from the bank's resources—and must be paid in cash. No magic can produce it.

Banking is not all sunshine. It has its cloudy aspects too. Banks must stand ready to *pay* their creditors—the depositors and note-holders — a hundred cents on the dollar; but banks unfortunately cannot always *collect* a hundred cents on the dollar! They have losses, inevitably, and must set aside substantial sums to meet them.

A bank must keep itself in such a cash position as to be able to pay you your deposit whenever you see fit to withdraw it.

Chartered banks are required by law to lodge with the Bank of Canada, or hold in Bank of Canada notes, five per cent. of their depositors' funds; but, in practice, they always carry about twice that percentage. Deposits with and notes of the Bank of Canada earn no interest for the chartered banks.

It is necessary also to keep a further amount in short term investments readily convertible into cash. The yield on such investments is low, firstly, because Treasury Bills and other short term securities mature at short date; secondly, because—banks having no monopoly of money or credit — cash reserves of many industrial concerns compete for this type of investment.

Bank earnings depend very largely upon loans, but a bank can lend only when the customer wants to borrow.

Ordinary bank loans in 1929 averaged $1,342,000,000; in 1937 only $731,000,000.

When business falls off or prices slump, businessmen borrow less money. A given volume of business is handled on less money, too. It would take $150,000 to handle 100,000 bushels when wheat is at $1.50 per bushel, but only $100,000 to handle the same volume when the price is $1.00 a bushel.

When ordinary loans are not in demand, money, instead of lying idle in the banks, finds investment in Government bonds. These earn substantially less than ordinary loans.

Very obviously bankers would prefer commercial loans.

Money invested in Government bonds is, however, just as much a loan for the Government's purposes as a loan to a farmer is a credit for his purposes. In 1937 the average of bank loans and investments combined was $2,158,000,000; in 1929, $1,841,000,000.

Thus bank credit in Canada was actually greater in 1937 by $317,000,000 than in the same period of 1929, the boom year.

As with credit, so with cash. As of October, 1937, over $17,000,000 more in bank notes were in the hands of the public than in October of the boom year 1929.

A word with you about dividends.

The Bank Act fixes the par value of bank shares at $100. The average price paid to banks by the shareholders when shares were issued was $165 per share. Of this, $100 has gone to Capital Account, and $65 has been placed in Reserve.

Over many years undivided profits, now amounting to $34 per share, have been left in the business by shareholders and added to reserve, for the greater security of depositors and noteholders.

The average shareholder's investment in Canada's chartered banks now, therefore, amounts to $199 per share. A dividend of say 8 per cent. on the $100 par value is, in fact, only slightly over four per cent. on the money actually invested, or left with the bank by the shareholder.

THE CHARTERED BANKS OF CANADA

Your local branch bank manager will be glad to talk banking with you. He will be glad to answer your questions from the standpoint of his own experience. The next article in this series will appear in this newspaper. Watch for it.

SB

Jobless Insurance Plan

New Minister Investigates Means of Establishing Ontario System

An advocate of unemployment insurance since his entry into the Ontario political arena in 1930, Ontario's new minister of labor, Hon. Norman O. Hipel, will continue the exploratory work contemplating possible establishment of an insurance scheme by the province on its own hook.

In backing jobless insurance eight years ago, Mr. Hipel urged adoption of a nation-wide plan directed by the Dominion Government. Since then, however, Ottawa's attempt to get unanimous provincial consent for operation of a Dominion scheme has been spiked, and Premier Mitchell Hepburn of Ontario has declared his government's readiness to launch its own system if the Dominion continues unable to act.

In office but a short time, Mr. Hipel has reached no definite decisions on the matter nor laid down any set policy. But he is studying the matter closely in collaboration with department officials who have already investigated the question exhaustively, and sees it as at least a live prospect that Ontario will initiate a plan of its own.

British System Likely

On the basis of the data thus far assembled, the British system of insurance appears to be the form best adaptable to Ontario.

Mr. Hipel's predecessor in the labor office, Hon. Peter Heenan, announced he aimed to bring in an insurance plan by the end of this year, and hinted at joint action with Quebec and possibly other provinces. Mr. Hipel has no definite opinion on the joint action idea, but believes Ontario if necessary could practicably operate its scheme alone. The main difficulty he foresees is that the large territory of the province and the sparse population of many sections, would make administration costs and the cost per worker covered fairly high.

With recollections still fresh in his mind of having started to work as a boy of 13 as a $5-a-month farm hand, of having clerked in a store for $2.50 a week and becoming a carpenter's apprentice at 16, Mr. Hipel is intensely interested in extending the organized apprenticeship system in Ontario. A strong believer in well-planned and supervised training of youth, with official Government co-operation where necessary, he hopes to extend the scope of existing apprenticeship plans and initiate similar schemes for other lines of industry. Best defense against unemployment, he thinks, is sound training in a basic trade.

Fostering Goodwill

Considerable experience as both a worker and an employer—his construction firm has built barns, skating rinks and arenas all over the province — has convinced the new labor minister of the importance of mutual trust and co-operation. In fact, he regards the main function of his department as the fostering of goodwill and harmony between employers and employees.

"We already have it in some industries and in certain firms in others. I am anxious to see this harmonious basis of relations extended still farther in Ontario," he told The Financial Post. "In my own case, I have always got along pretty well by sticking to the principle that I should not ask any employee to do anything I was not willing and able to do myself."

Evidence of the soundness of Mr. Hipel's views in this regard may be seen in the fact that he has never had to deal with a strike or other labor trouble. And he has been in business for himself since he was 21, and since 1923 has directed his own firm at Preston, employing between 100 and 150 men.

The firm — N. O. Hipel Ltd. — is one of the largest in Eastern Canada engaged in the building of barns, skating rinks, arenas, and similar types of structures. It has built more skating rinks than any other firm, inluding several at Quebec points, and is currently engaged in erection of the $75,000 arena at Owen Sound. Always a keen student of construction methods, Mr. Hipel's firm holds patents on a special type of farm barn construction, utilizing both steel and wood, and has applied for patents on a new method of arena construction.

Quebec Farm Board Approves 9,357 Loans

From Our Own Correspondent

MONTREAL.—Out of a total of $27 millions voted by the Quebec Legislature for loans to farmers, the Quebec Farm Loan Board has allotted $22,237,249 to 9,357 applicants. Only 6,557 applicants have received their loans to date, the amount thus disbursed amounting to $16 million. The balance which has been allotted will be paid when applicants fulfill necessary legal requirements.

Of the 5,850 payments due since the loan legislation came into effect in 1936 only 14 have not been met.

Silk Industry Sets Pace for Growth

Outstanding feature of the textile situation in Canada was the spectacular expansion of the silk industry during the depression years, at a time when practically all other industries were experiencing a diminishing demand for their products. While other industries had to struggle hard to regain the 1929 level of production, this industry has since then recorded an increase of 23% in capital investment, 133% in number of employees, 1932% in salaries and wage payments, 76% in cost of materials used and 86% in gross value of production.

There are 2 WAYS to buy ADVERTISING SPACE

1 *The* HAPHAZARD WAY by rumor, guesswork, and hasty judgment

2 *The* AUDITED WAY by the facts presented in ABC REPORTS

ABC

TIME was when buying advertising space seemed like groping in the dark. With no facts to serve as guide through the mysteries of circulation, you had to rely on rumor and hearsay. You had to pick your papers by guess-work . . . and hope for the best results as far as sales were concerned.

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It is your insurance that you will get what you pay for. It protects the buyer and the honest publisher. It is made possible by over 2000 publishers, advertisers and advertising agencies. Together they provide you with this insurance policy. Use it. It costs you nothing. It may save you much.

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This paper has long been an A.B.C. member because we believe in selling known value. Canadian publishers helped establish the A.B.C. in 1914.

STOCK AND BOND MARKET QUOTATIONS

Toronto and Montreal Stock Exchange Quotations

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING SEPTEMBER 12

Range 1938 High	Low	Div R'te $	Sep10 Y'ld %		Sales	Last Sept. 5	Week end. Sept. 12 H	L	Cl'se
				A					
4.75	1.00	*	...	Abitibi	12175	3.00	3.75	2.50	2.87
29	8½	*	...	Do. pref. 6%	6958	23½	24½	19½	20½
38	25	*	...	Do. pref. 7%	31	30	27	27	27
26½	9	*	...	Do. cert. dep.	....	(21½ bid — asked)			
4½	4½	30c	...	Acadia Sugar	65	—	4½	4½	4½
7	5	50c	...	Acme Glove	....	(— bid 5½ asked)			
82	70	6.50	9.3	Do. pref.	[illegible]				

[illegible]

* On account of arrears. b New York quotations. ** Plus extra of $2 paid Feb. 1, 1938. † Interim. * Stock bonus. • Initial.

Mining Stocks

[illegible]

Oil Quotations

[illegible]

Vancouver Stock Exchange

[illegible]

Oil Stocks

[illegible]

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

Sept. 13, 1938

Public Utility Issues:	Int. Rate %	Due	Bid Sept. 13	Asked	Bid Sept. 6
†Assoc. Tel. & T.	5½	'55	72	75	74½
Beauharnois P.	5	'73	92½	93½	95
B. C. Power	4½	'60	98½	101½	99
B. C. Telephone	4½	'61	105	108	105
†Calgary Power	5	'60	99	102	99½
Do.	5	'64	98½	101½	98½
†Can. Nor. Pwr.	5	'53	101½	104½	103
‡Dom. Gas & El.	6½	'45	84½	87½	86
‡Gatineau Pwr.	5	'56	102½	105½	103
‡Do., A	5	'49	100	103	101
Gt. Lakes Pwr.	4½	'56	95½	98½	96½
‡Inter. Hydro-E.	6	'44	70	73	77
▲Inter. Power	6	'55	100½	103½	100½
†Macl'n-Que. Pr.	5½	'61	101	104	102
Do.	5½	'64	101	104	102
Mtl. L., H. & P.	3½	'56	101	104	101½
Do.	3½	'73	95½	98½	95½
†Mtl. Tramways	5	'41	98½	101½	99½
†Do.	5	'55	70	73	72
Nat. Lt. & Pwr.	6	'49	92½	95½	92½
N. S. Lt. & Pr.	4	'57	99	102	99
‡Ottawa Light Heat & Pwr.	4	'57	98	101	98½
†Ottawa V. Pwr.	5½	'70	105½	108½	105½
†Power Corp.	4½	'59	98	101	98½
Quebec Power	4	'62	96	99	96½
§Saguenay Pr., A	4½	'66	103	106	103½
Do., B	4½	'66	102½	105½	103
Shaw. W. & Pr.	4	'61	98	101	99
Union Gas	4½	'50	99½	102½	100½
Wpg. El. Ser. A	4	'65	60	63	63
Industrial and Realty Issues:					
†Abitibi P. & P.	5	'53	54	57	65½
Acadia Sugar	4½	'55	101	104	101½
†Alta. Pa. Grain	6	'46	86	89	...
Atlantic Sugar	4	'51	98½	101½	99
B. A. Oil	4	'45	102½	105½	102½
†B. C. P. & Pap.	6	'50	81½	84½	...
§Brown Co.	5½	'46	43	46	50
†Burns & Co.	5	'58	58	61	61
Canada Bread	6	'41	107	110	107½
Canada Cement	4½	'51	101½	104½	101
Canada Paper	4½	'52	97	100	98
Can. Steamship	5	'57	78	81	80
Candn. Canners	4	'51	98½	101½	99
‡Can. Int. Paper	6	'49	97	100	97½
‡Candn. Vickers	6	'47	97½	100½	98½
C. P. R.	3½	'51	85½	88½	86½
Do.	4	'49	88½	91½	89½
Do.	4½	'44	94½	97½	95
Do.	6	'42	101½	104½	103
Do., debs.	4	perp.	75	78	78
†Consol. Paper	5½	'61	43	46	50
Dom. Coal	4½	'52	101½	104½	102
▲Dom. Stl. & C.	6½	'55	100	103	100½
Dom. Tar	4½	'51	100	103	100½
†Donnacona P.	4½	'56	71½	74½	73½
Famous Players	4½	'51	96½	99½	96½
†Federal Grain	6	'49	93	96	93
†Fraser Cos.	6	'50	98	101	98
Gen. Stl. Wares	4½	'52	95	98	95
‡Great Lakes P.	5	'55	85	89	90
†Gypsum, Lime.	5½	'48	96	99	96½
Ham. By-Pr. C.	5	'55	99	102	100½
Inter-City Bak.	5½	'48	102½	105½	103
‡Inter. P. & P. Nfld.	4½	'68	99	102	99½
Lake St. John P. & P.	5½	'61	89	92	92
†Massey-Harris	5	'47	98	101	99½
†McColl-Fron.	4½	'49	96	99	97
McCormick's	4	'52	83	86	84½
‡M. & O. Paper	6	'45	29	32	35
Nat. Grocers	4	'47	100½	...	100
Price Bros.	5	'57	94½	97½	95½
‡Prov. Paper	5½	'47	101	104	101
Reliance Grain	4½	'52	90	93	90
†Restigouche Co.	6	'48	97	100	97
Rolland Paper	4½	'51	102½	105½	102½
Simpsons Ltd.	4½	'51	96½	99½	96½
Smith, Howard	4½	'51	102	105	102
†Steel of Can.	6	'40	107	110	108
‡United Gas	5½	'48	102	105	102½

‡ Payable in Canada or U.S.
† Payable in Can., U.S. or U.K.
▲ Payable in Can. or U.K.
§ Payable in U.S. only.

Winnipeg Stocks

(Transactions from Sept. 6 to Sept. 10)

	Sales	High for period	Low for period	Close Sept. 10
Central Man.	1,000	.04	.04	.04
D. Envelope, c.	30	2.50	2.50	2.50
Dubuisson	500	.19	.19	.19
Forty Four	10	1.00	1.00	1.00
Flin Flon	2,000	.04½	.04	.04
Gt. Falls M.	3,000	.06	.05	.05
Gurney Gold	4,500	.11	.10	.10½
Gt.-West Life	3	320.00	320.00	320.00
Gold Lake	500	.01½	.01½	.01½
Island Lake	1,000	.01	.01	.01
Marvel Oils	200	.03	.03	.03
Ore Grande	3,000	.03	.03	.03
Rice Lake	7,400	.01	.01	.01
Sachigo R.	241	16.00	15.12	15.75
Star Lake	37,300	.03½	.03	.03½
Traders Bldg.	10	82.00	82.00	82.00
West. Steel	70	10.00	10.00	10.00
Wingold	12,150	.05½	.03½	.05½

Stocks Not Traded in During Week*

	Bid	Asked
Beaver Fire Insurance	...	100
Can. Indemnity	125	...
Can. Airways	...	3½
Nor. Mtge., part pd.	2	...
Nor. Can. Mtge., p.	3	...
United Grain	7¼	7½
Western Brew.	...	2½
Western Grain, pref.	7	8

*Stocks more active on other exchanges not included.

Municipal Bonds

Sept. 13, 1938

	Rate	Due	Bid	Ask.	Yld.
†Halifax	5	1961	112.00	114.00	4.06
Hamilton	5	1950	110.50	112.00	3.75
Montreal	5	1945	103.50	105.00	4.12
Ottawa	4½	1945	107.70	109.20	3.00
†Quebec	5	1959	106.00	107.50	4.45
Saint John	5	1950	107.00	108.50	4.12
†Toronto	4½	1955	113.25	115.25	3.30
†Vancouver	5	1950	87.00	90.00	6.23
Winnipeg	5	1944	96.00	100.00	5.00

†Payable Can. and N. Y.

Investment Trusts

	Bid	Asked
Can. Amer. Trust	3.50	3.70
Can. Inv. Fund	3.85	4.20
All Can. Trustee	11.00	11.50
Trans-Canada	....	12.60
Grouped Income	4.53	5.10
Can. Int. Tr., modified	4.55	5.25
Do., unmodified	4.00	4.75

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

Sept. 13, 1938

Industrial Stocks:	Bid	Asked
Acadia Sugar, pfd.	4.50	5.00
Acme Farmers Dairy, pfd.	15.00	....
Algoma Steel, com.	10.25	11.00
Do., pfd.	60.50	63.25
Andian National	27.00	29.00
Anglo Can. Tel., A	8.50	9.25
Barrymore Cloth, pfd.	17.00	25.00
B. C. Pulp & Paper, com.	*15.00	18.00
Do., pfd.	*50.00	55.00
Burns & Co., A	5.00	6.00
Do., B	2.75	3.25
Can. Wire & Cable, pfd.	97.00	98.00
Can. Airways	1.00	2.00
Can. Goodrich, com.	1.00	....
Can. Industries, A com.	212.00	217.00
Can. Ingersoll Rand	120.00	123.00
Can. Tube & Steel, com.	5.00	6.00
Do., 1st pfd.	63.00	69.00
Can. Westinghouse	50.50	52.00
Chase, A. W., pfd. bonus	25.00	27.50
Claude Neon, pfd.	5.25	6.25
Cons. Sales Book, pfd. bon.	80.00	....
Copeland Flour Units	5.00	7.00
Corrugated Paper Box, com.	1.50	2.50
Do., rts.	....	9.00
Dom. Manufacturers, com.	3.00	5.00
Do., pfd.	60.00	65.00
Dominion Woollens, pfd.	.75	1.10
Dunlop Tire, pfd. par $25	18.00	20.00
Federal Grain, com.	2.00	2.50
Do., pfd.	30.00	33.00
Goderich Elevator	6.75	7.25
Guelph Carpet, pfd.	101.75	104.00
Do., com.	16.00	18.00
Hayes Steel Prod., com.	6.00	....
Do., pfd.	7.50	....
Highland Dairy, pfd.	43.00	48.00
Kingston Shipbuild. Units	9.00	10.50
Loblaw Inc., pfd. bonus	68.00	72.00
Morrison Brass, pfd. bon.	5.00	6.75
Morrow Screw., pfd. bonus	93.00	96.00
Mount Royal Hotel, pfd.	2.50	3.25
Neilson, Wm., pfd.	97.50	....
New Brunswick Tel., com.	12.00	12.75
New Meth. Laund., pfd. bon.	52.00	57.00
Niag. Lower Arch Bridge, c.	70.00	....
Paterson, Wm., pref.	100.00	103.00
Provincial Paper, pfd.	102.00	103.00
Reliance Grain, pfd.	52.00	57.00
Rob. Cons. Cone	7.50	8.50
Ruddy, E. L., pfd.	24.50	27.00
Seal O Sac (Can)	3.00	3.50
Standard Fuel, com.	2.50	4.00
Do., pfd.	55.00	....
Stedman Bros., pfd. par $50	53.00	55.00
Supertest Pete., B pfd.	27.00	30.00
Toronto Carpet, com.	29.00	32.00
Do., pfd.	55.00	60.00
United Farmers Co-op.	2.50	3.00
United Steel, A pfd.	17.50	18.50
Viceroy Mfg., pfd. & rts.	20.50	22.00
Western Grain, pfd. bonus	6.00	7.00
Western Steel Prod., com.	10.00	10.75
Weston (Geo.) Foods (Eng.)	3.25	4.00
Willards Choc., pfd.	35.00	41.00
Wings Limited	.35	.60
Trusts and Loan Stocks:		
British Mortgage	139.00	145.00
Commercial Finance, com.	2.50	3.00
Guelph & Ont. Inv., par $50	50.00	55.00
London & West. Trust	....	35.00
Premier Trust	....	110.00
Sherbrooke Trust	120.00	....
Sterling Trust	43.00	48.00
Traders Fin., A com.	14.00	15.25
Do., A pfd.	84.00	....
Do., A 6% pfd., W.R.	94.00	97.00
Do., B 7% pfd., W.R.	95.00	98.00
Trusts & Guarantee	24.50	26.00
Insurance Stocks:		
Canada Life	520.00	530.00
Canadian Ins. Shares	19.00	21.00
Confed. Life 25% pd.	135.00	....
Crown Life Fully Pd.	205.00	....
Dominion Fire	134.00	....
Dom. of Can. Gen.	105.00	115.00
Empire Life 25% pd.	9.75	11.00
Federal Fire 25% pd.	45.00	....
Great West Life	300.00	318.00
Imperial Life	315.00	335.00
Manufacturers Life	245.00	255.00
Monarch Life 10% pd.	23.00	25.75
Sovereign Life 25% pd.	12.50	14.00
Sun Life	475.00	500.00
Toronto General	5.00	6.00
Western Assce., pfd.	40.00	42.75
Do., com.	49.00	53.00
Theatre Stocks:		
Allens Kingston, pfd.	61.00	67.50
Do., London, pfd.	52.00	57.50
Do., St. Catharines, pfd.	60.00	65.00
Do., Tor., pfd. bonus com.	32.00	....
Mansfield Theatre, pfd.	21.00	....
Paramount Kitchener, pfd.	48.00	52.00
Do., Oshawa, pfd.	87.00	90.00
United Amusement, A	14.75	16.00
Do., B	14.75	16.00
Investment Trust Shares:		
Can. Investors	5.00	6.00
Lon. Can. Inv., com.	2.00	5.00
Do., pfd.	30.00	38.00
Sec's. Hold., pfd. bonus	16.50	18.00
United Corp., A	20.50	22.00
Do., B	9.00	11.00
Power Issues:		
Calgary Power, pfd.	89.00	92.00
Can. West. Nat. Gas, com.	23.00	27.00
Do., pfd.	92.00	94.50
Great Lakes Power, pfd.	99.00	102.50
Inter. Util., $1.75 pfd.	7.50	8.50
Do., $7 pfd.	84.00	89.00
Montreal Island Power, pfd.	17.00	20.00
Northern Ont. Power, pfd.	97.00	100.00

Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines
Sept. 13	49,700	95,100	916,000
Sept. 12	33,200	43,200	543,000
Sept. 10	14,500	46,000	376,000
Sept. 9	21,100	57,900	618,000
Sept. 8	25,400	47,900	441,000
Sept. 7	25,300	51,300	696,000

Public Utility Earnings

Mexican Light & Power

July:	1938 $	1937 $	Decrease $
Gross earn.	612,004	745,740	133,736
Oper. exp.	488,942	551,505	62,563
Net earn.	123,062	194,235	71,173
Seven Months:			
Gross earn.	4,932,128	5,125,575	193,447
Oper. exp.	3,636,604	3,736,188	99,584
Net earn.	1,295,524	1,389,387	93,863

Unlisted Mines

TORONTO
September 13, 1938

	Bid	Ask.
Addington	.13	.15
Albany R.	.17	.19
Algoma S.	.20	.22
Amorada	..	.05½
Arjon	.03	.03½
Armistice	.03	.04
Argosy	.03½	.04
Arno	.01½	.02
Athona	.05½	.06
Area	.10½	.11½
Bailor	.01	.01½
Barb. Lar.	.17	.18
Big Master	.02½	.03
Bilmac	.06	.07
Baldwin	.01½	.01½
Buf. Bear	..	.16
Cuniptau	.05	.06
Calder Bo.	.03	.04
Camlaren	.15	.19
Cana. Pana.	.03½	.04½
Cana. Kirk.	.01	.01½
Capital Ro.	.02½	.03½
Central M.	.04	.04½
Chan Yell	..	.25
Cheminis	.07	.08
Coin Lake	.03	.04
Crowshore	.09	.11
Con. Kirk.	.11	.13
Dawson W.	.02½	.03½
Delandore	.04	.06
Delwood	.02½	.03½
Desantis (new)	.27	.31
Doreva	.06	.07
Devon	.24	.26
Don Mart	..	.04
Dunlop (new)	.02	.03
E. Lacoma	.01	.02
Elmos	.25	.27
Frontier	.04	.05½
Gate Pat.	.02½	.03½
Gilbec	.01½	.02
Goldside	.01	.01½
Golden G.	.35	.38
Golden Tr.	.07½	.09
Gordon Lb.	.04	.05
Hallnor	8.75	9.25
Halliwell	.03½	.04½
Hislop	.03	.05
Hiawa'a	..	.90
Hutch. Lake	.03	.03½
Hugh PaP	.08	.09½
Keora	.03	.03½
Keystone	.01	.01½
Kaw Crow	.02½	.03½
Kenricia	.21	.25
Kewaga'a	.09	.11
Kir. Vit.	.02½	.03
King Fish	.00½	.01½
Kirk. Gat.	.07	.09
Kirk. Hunt.	.01½	.02
Lacoma	.03	.04
Lafayette	.01	.01½
Lake Duf.	.70	.73
Lake Gen.	.16	.18
Lake Rose	.06	.08
Lamaque	5.90	6.00
Lardego	.02½	.03½
Lucky Kir.	.03½	.04½
Magnet L.	.09	.10
Magnet C.	..	.55
Manco	.01½	.02
Martin B.	.12	.13
Mata Can.	.04	.05½
Moffatt Hall (new)	.05½	.06½
McFar. Ll.	.02	.02½
McCarthy	.05	.07
McVit. Kir.	.02	.02½
Monarch	.01½	.02½
Mosher	.18	.18½
Mooshla	.05½	.06½
Norlake	.03	.04
Norbeau	..	.07
Negus	.55	.65
North Sho.	.01	.02
Oklend	.14	.16
O'Leary	.04	.04½
Opemiska	.10	.13
Oriole	.02½	.03
Ossian	.03	.03½
Parkhill	.01	.02
Pascalis	.30	.32
Porcu. Lake	.08	.10
Porc. McN.	.03	.03½
Plains P.	1.00	1.15
Planet	.01½	.02½
Pontiac R.	..	.18
Pelangio	.03	.04
Polaris	.25	.28
Propri'y	1.70	1.75
Presdor	.05	.06
Queb. Mn.	.13	.15
Rand Ml.	.20	.22
Rajah	.02	.03
Raymond	.30	.37
Ribago (new)	.03½	.04
Red LGS	.03½	.03½
Rich Rock	.05½	.07
Ronda	.15	.18
Rouyn Re.	.02	.03½
Rubec	.01½	.02
Sachigo	..	15.25
Shenango	.09	.10
Sheldon	.08	.09
Silver Val.	.02	.03
Siscoe E.	.09	.10
Smelter	.02½	.03½
South Ver.	.05	.06
Spooner	..	.06
Sturg. Riv.	.19	.22
Sunbeam	.25	.28
Sun Bear	.03	.03½
Surf Inlet	.12	.14
Springer	.07	.09
Tonawa'a	.02½	.02½
Upper Cn.	.45	.46
Virita	.02	.03
Williamson	.01½	.02
Wilport	..	.07
Wesley	.03	.04
Wells Ll.	.10	.12
Westside	.01½	.02
Westwood	.08	.09½
Wh. Horse	.03	.05
Winoga	.04	.05
Woco	.13	.15
Y. David'n	.21	.23

MONTREAL
September 13, 1938

	Bid	Ask.
Abbeyville	.11	.13
Amity	..	.01½
Brown Cadillac	.01	.02
Chibmac	.01½	.02½
Cournor	..	.20
Dempsey Cad.	..	.04
Dorval Units	..	8.00
Lake Rowan	.05	.06
L. L. Lagoon	.03½	.05
Leroy	.01	.01½
Margaret	..	.10
Obalski	.06½	.07½
Pan. Canadian	..	.12
Routhier Cad.	..	.06
Valdor Min.	1.10	1.25
Warrenmac	..	.10

Government Bonds

(Supplied by Investment Dealers' Association of Canada)

Dominion of Canada Bonds

Sept. 14, 1938		Bid	Asked	Approx. Yld.
■2	1 Jan. '39	100.50	101.25	...
1	1 June '39	99.85	100.35	.55
2	15 Nov. '39	100.50	101.35	.67
2½	15 Oct. '39	101.00	101.85	.85
4	15 Oct. '39	102.75	103.50	.87
1½	1 June '40	100.00	100.85	1.00
4½	1 Sept. '40	105.00	105.75	1.57
1	15 Mar. '41	99.00	99.75	1.10
3	15 Nov. '41	108.75	109.50	1.89
3	1 June '42	100.75	101.50	1.58
3	15 Oct. '42	104.00	104.75	1.79
2½	1 June '43	102.00	102.87	1.88
5	15 Oct. '43	112.00	113.00	2.29
2	1 June '44	99.25	100.00	2.00
■3¼	15 Jan. '44	101.50	102.25	▲1.72
4½	15 Oct. '44	110.50	111.50	2.45
2½	15 Nov. '44	101.00	101.75	2.19
■2½	15 Aug. '45	102.37	103.12	▲1.84
4	15 Oct. '45	107.00	107.75	▲2.37
4½	1 Feb. '46	110.50	111.50	2.78
3¼	1 June '49	101.50	102.50	▲2.88
3½	15 Oct. '49	103.00	104.00	▲2.78
3¼	15 Nov. '51	101.00	102.00	▲3.02
■5	1 May '52	111.50	112.25	▲1.55
4	15 Oct. '52	107.00	107.75	▲3.05
3	1 June '55	98.00	99.00	3.07
4½	1 Nov. '56	109.75	110.75	▲3.05
4½	1 Nov. '57	110.00	111.00	▲3.15
3	1 June '58	97.00	98.00	3.13
4½	1 Nov. '58	111.00	112.00	▲3.14
4½	1 Nov. '59	111.00	112.00	▲3.24
■4	1 Oct. '60	109.25	110.00	▲3.00
■3¾	15 Jan. '61	103.12	103.87	▲2.96
3¼	1 June '66	99.00	100.00	3.25
■3	15 Jan. '67	97.62	98.37	3.09
‡3	Perp. bonds	89.00	90.00	3.33
Dominion Guaranteed Bonds				
Canadian National Railway:				
2	15 Jan. '42	100.50	101.50	1.54
2	15 Feb. '43	99.75	100.75	1.80
3	1 May '44	102.50	103.50	2.33
3	15 Dec. '50	97.75	98.75	3.12
3	15 Feb. '53	97.25	98.25	3.15
*4½	1 Sept. '51	113.50	115.00	3.09
*4½	1 Feb. '56	114.00	115.50	3.32
†4½	1 July '57	113.50	115.00	3.42
*4¾	15 June '55	116.00	117.50	3.39
5	1 Feb. '54	117.25	118.75	3.43
*5	1 July '69	115.00	116.50	▲2.71
*5	1 Oct. '69	118.50	120.00	▲3.21
*5	1 Feb. '70	118.50	120.00	▲3.26
Provincial Government Bonds				
New Brunswick:				
3	15 Oct. '51	91.00	92.50	3.71
3½	15 June '56	93.50	95.00	3.89
†4	15 Nov. '47	102.00	103.50	▲3.45
†4½	15 Apr. '61	104.00	106.00	4.10
†5	15 Jan. '60	109.00	110.50	4.25
Nova Scotia:				
3	2 Jan. '52	96.00	97.50	3.23
3¼	1 June '56	97.50	98.75	3.34
3½	15 Dec. '49	101.00	102.00	3.29
†4½	15 Sept. '52	109.50	111.00	▲3.09
†4½	15 Nov. '60	111.50	113.00	3.65
†5	1 Mar. '60	117.50	119.50	3.67
Ontario:				
2½	15 May '45	100.25	101.25	2.30
3	1 Dec. '51	98.25	99.25	3.07
3¼	15 Nov. '51	100.25	101.25	▲3.12
*4	1 June '62	108.00	110.00	3.39
4½	1 June '50	111.75	112.75	3.21
*4½	15 Jan. '62	114.50	116.50	3.47
5	15 Oct. '48	115.00	116.00	3.12
*5	2 Dec. '60	121.50	123.50	3.49
5½	1 July '46	115.50	117.00	3.04
Ont. Hydro Comm.:				
3	1 Aug. '48	98.25	99.25	3.09
3¼	1 Feb. '53	100.00	101.00	▲3.15
3½	1 Apr. '47	102.50	104.00	2.97
Prince Edward Island:				
3	1 Oct. '45	99.00	100.50	2.93
Quebec:				
3	1 Nov. '51	96.50	97.50	3.23
3¼	1 Mar. '48	99.50	100.50	3.19
3¼	1 June '52	98.50	99.50	3.30
4	15 Mar. '52	105.00	106.50	3.40
4¼	1 Aug. '58	108.50	110.00	3.55
4½	2 Jan. '63	111.00	113.00	3.69
Alberta:				
4	15 Dec. '54	54.00	58.00	§
4½	1 Oct. '51	59.00	63.00	§
†4½	1 Oct. '56	55.00	59.00	§
*5	1 Oct. '59	58.00	62.00	§
†5½	1 Apr. '52	59.50	63.50	§
6	1 Mar. '47	61.50	65.50	§
British Columbia:				
†4	1 Dec. '57	89.50	92.50	4.58
*4½	15 Jan. '51	96.25	99.25	4.58
†4½	1 Oct. '53	94.75	97.75	4.71
†5	25 Apr. '54	99.00	102.00	4.82
5½	1 Feb. '45	101.50	104.50	4.66
6	15 Feb. '47	103.00	106.00	5.11
Manitoba:				
†4	1 Dec. '57	82.00	86.00	5.15
†4½	15 Dec. '56	87.25	91.25	5.25
*5	2 Dec. '59	93.00	97.00	5.23
5½	1 Oct. '55	96.00	100.00	5.50
6	1 Apr. '47	99.00	103.00	5.55
Saskatchewan:				
4	1 Nov. '60	67.50	71.50	6.41
†4½	1 Oct. '51	77.75	81.75	6.55
†4½	15 Mar. '60	71.00	75.00	6.71
5	1 Aug. '58	77.00	81.00	6.75
5½	1 Oct. '52	81.00	85.00	7.21
6	15 Mar. '52	85.50	89.50	7.22

*Payable Can., N.Y., & £. ▲Calculated to call date giving lowest possible yield. †Payable Can. & N.Y. ■Payable N.Y. ‡Callable on or after Sept. 15, 1936. §Traded flat. Interest being paid at 50% of coupon rate; minimum rate 2%.

Dividends Declared

	This payment	Date payable	Date of record
Agnew-Surpass, pref.	$1.75	Oct. 1	Sept. 15
Asbestos Corp.	50c	Sept. 30	Sept. 15
Do., extra	50c	Sept. 30	Sept. 15
Assoc. Breweries, c.	20c	Sept. 30	Sept. 15
Do., pref.	$1.75	Oct. 1	Sept. 15
Acme Glove	12½c	Oct. 1	Sept. 17
Do., pref.	$1.62½	Oct. 1	Sept. 17
Am. Cyan., A & B	15c	Oct. 1	Sept. 15
Belding-Cort.	$1	Oct. 1	Sept. 15
Do., pref.	$1.75	Oct. 1	Sept. 15
Brant. Cordage, p.	32½c	Oct. 15	Sept. 20
Build. Prod., A & B	50c	Oct. 1	Sept. 16
Bell Tel., c.	$2	Oct. 15	Sept. 23
Bralorne Mines	15c	Oct. 15	Sept. 30
Do., extra	10c	Oct. 15	Sept. 30
B. C. Power, A	50c	Oct. 15	Sept. 30
Burling. Steel, c.	15c	Oct. 1	Sept. 15
Bk. of N. Scotia	$3	Oct. 1	Sept. 15
Brazilian Trac., pf.	$1.50	Oct. 1	Sept. 15
Burt, F. N.	30c	Oct. 1	Sept. 15
Do., pref.	$1.75	Oct. 1	Sept. 15
Brit. Amer. Oil	25c	Oct. 1	Sept. 16
Canada Packers	75c	Oct. 1	Sept. 15
Cariboo Gold	2½c	Oct. 1	Sept. 9
Do., extra	1½c	Oct. 1	Sept. 9
Can. Car & F. pf.	43c	Oct. 10	Sept. 26
Can. Celanese pf.	$1.75	Sept. 30	Sept. 16
Canada Dry	†25c	Sept. 19	Sept. 8
Chartered Trust	$1	Oct. 1	Sept. 15
Commercial Alcohols pf.	10c	Oct. 15	Oct. 1
Can. Wire. Box. A.	37½c	Oct. 1	Sept. 15
Can. Gen. Elec.	$1.50	Oct. 1	Sept. 15
Celanese of Am.	$1.75	Oct. 1	Sept. 16
Do., part. pref.	‡$2	Oct. 1	Sept. 16
Can. Nor. Pwr.	30c	Oct. 25	Sept. 30
Do., pref.	$1.75	Oct. 15	Sept. 30
Can. Canners, 1st pf.	25c	Oct. 1	Sept. 15
Do., 2nd pref.	15c	Oct. 1	Sept. 15
Candn. Cotton, c.	$1	Oct. 1	Sept. 16
Do., pref.	$1.50	Oct. 1	Sept. 16
Can. Indust., pf.	$1.75	Oct. 15	Sept. 30
Do., A & B	$1.25	Oct. 31	Sept. 30
Confederation Life	$1	Sept. 30	Sept. 25
Cons. Bakeries	25c	Oct. 1	Sept. 20
Canada Cement, pf.	$1	Sept. 20	Aug. 31
Can.-Perm. Mtge.	$2	Oct. 1	Sept. 15
Can. For. Inv., pf.	$2	Oct. 1	Sept. 15
Cosmos Imp., pf.	$1.25	Oct. 15	Sept. 30
Carnation Co., pf.	$1.25	Oct. 1	Sept. 17
Consumers' Gas	$2.50	Oct. 1	Sept. 15
Cent. Can. Loan	$2	Oct. 1	Sept. 19
Consumers' Gas	$2.50	Oct. 1	Sept. 15
Dom. Glass	$1.25	Oct. 1	Sept. 15
Do., pref.	$1.75	Oct. 1	Sept. 15
David & Frere	15c	Sept. 30	Sept. 15
Dom. Textile, c.	$1.25	Oct. 1	Sept. 15
Do., pf.	$1.75	Oct. 15	Sept. 30
Dominion Coal, pf.	37c	Oct. 1	Sept. 15
Dominion Bank	$2.50	Oct. 1	Sept. 20
Dominion Tar, p.	$1.37½	Nov. 1	Oct. 12
Eastern Steel, pf.	$1.75	Oct. 1	Sept. 15
Falconb. Nickle, c.	7½c	Sept. 29	Sept. 14
Fanny Farmer	25c	Oct. 1	Sept. 15
Do., extra	25c	Oct. 1	Sept. 15
Gt. West Life	$5	Oct. 1	Sept. 20
Goodyear Tire	62c	Oct. 1	Sept. 15
Do., pref.	62½c	Oct. 1	Sept. 15
Gatineau Pr., pf.	$1.25	Oct. 1	Sept. 1
Greening Wire	15c	Oct. 1	Sept. 15
Ham. Un. Thea. P.	$1.50	Sept. 30	Sept. 15
Ham. Cotton, pfd.	50c	Oct. 1	Sept. 15
Huron & E. Mtge.	$1	Oct. 1	Sept. 15
Hedley Mascot	3c	Oct. 1	Sept. 1
Hinde & Dauch	25c	Oct. 1	Sept. 15
Inter. Power, pf.	$1.50	Oct. 1	Sept. 15
Int. Milling, pf.	$1.25	Oct. 15	Oct. 1
Int. State Rlty., A	28c	Oct. 1	Sept. 15
Imperial Tob., ord.	10c	Sept. 30	Sept. 9
Indust. Accept., A	50c	Sept. 30	Sept. 15
Do., pf.	$1.25	Sept. 30	Sept. 15
Do., extra	12½c	Sept. 30	Sept. 20
Inter. Bronze	37½c	Oct. 15	Sept. 30
Do., pref.	37½c	Oct. 15	Sept. 30
Inter. Mining	10c	Sept. 20	Aug. 31
Inter. Nickel, c.	50c	Sept. 30	Aug. 31
Inter. Nickel, pfd.	$1.75	Nov. 1	Oct. 4
Jam. Pub. Ser.	43¾c	Oct. 1	Sept. 16
Do., pref.	$1.75	Oct. 1	Sept. 16
Do., 7% pref.	1¾%	Oct. 1	Sept. 16
Kelvinator of Can.	75c	Sept. 29	Sept. 19
Lava Cap. Gold	3c	Sept. 30	Sept. 10
Landed Bkg.	$1.25	Oct. 1	Sept. 15
Lang, J. A.	17½c	Oct. 1	Sept. 15
Langley's, pref.	‡$2.50	Sept. 22	Aug. 24
Mtl. C. D. Bank	$3	Oct. 1	Sept. 15
Moore Corp.	40c	Oct. 1	Sept. 14
Do., A & B pf.	$1.75	Oct. 1	Sept. 14
Marcus Loew's pf.	$1.75	Sept. 30	Sept. 20
Moneta Porc.	3c	Oct. 1	Sept. 15
McColl-Fron. P.	$1.50	Oct. 15	Sept. 30
National Brew., c.	50c	Oct. 1	Sept. 15
Do., pref.	$1.75	Oct. 1	Sept. 15
Nat. Biscuit	40c	Oct. 15	Sept. 16
N.S. Light & Pr.	$1.50	Oct. 1	Sept. 17

DIVIDEND NOTICES

The Dominion Bank

Dividend No. 224

Notice is hereby given that a Dividend of two and one-half per cent upon the paid up capital stock of this Institution has been declared for the quarter ending 30th September, 1938, being at the rate of ten per cent per annum, and that the same will be payable at the Head Office of the Bank and its Branches on and after Saturday, the 1st day of October, 1938, to shareholders of record of the 20th September, 1938.

By Order of the Board.

Robert Rae,
General Manager.

Toronto, 11th August, 1938.

The Toronto Mortgage Company

Quarterly Dividend

Notice is hereby given that a dividend of $1.50 per Share, upon the paid-up Capital Stock of this Company, has been declared for the current Quarter, and that the same will be payable on and after 1st October, 1938, to Shareholders of record on the books of the Company at the close of business on 15th instant.

By order of the Board,
WALTER GILLESPIE,
Manager.

1st September, 1938.

DIVIDEND

CHARTERED TRUST AND EXECUTOR COMPANY

Notice is hereby given that a dividend of 1% has been declared on the paid-up Capital Stock of Chartered Trust and Executor Company for the quarter ending September 30th, 1938, payable October 1st, 1938, to shareholders of record at the close of business September 15th, 1938.

By Order of the Board,
E. W. McNEILL,
Secretary.

Dated at Toronto, August 18th, 1938.

CENTRAL PATRICIA GOLD MINES, Limited

(No Personal Liability)

Dividend No. 9
Extra Dividend No. 1

A dividend of 4c per share, and an extra dividend of 2c per share, making 6c per share in all, have been declared by the Directors on the capital stock of the company, payable the 30th day of September, 1938, to shareholders of record at the close of business on the 15th day of September, 1938.

DATED at Toronto, this 6th day of September, 1938.

C. R. ELLIOTT,
Ass't. Secretary-Treasurer.

The Sherwin-Williams Company of Canada, Ltd.

Notice is hereby given that the One Hundred and Second Quarterly Dividend of One and Three-quarters per cent. (1¾%), being at the rate of Seven per cent. (7%) per annum for the Quarter ending November 30, 1936, on the Preferred Stock of the Company, has been declared payable to Shareholders of record the 15th day of September, 1938, and that cheques will be mailed October 1, 1938.

Books not closed.

By Order of the Board,
P. W. HOLLINGWORTH,
Secretary-Treasurer.

Montreal, Que., September 8, 1938.

DIVIDEND NOTICE

THE BRITISH AMERICAN OIL COMPANY B-A LIMITED

NOTICE is hereby given that a dividend of Twenty-five Cents (25c) per share has been declared on the issued No Par Value capital stock of the Company for the third quarter ending September 30th, 1938. The above dividend is payable in Canadian funds October 1st, 1938, to shareholders of record at the close of business on the 16th day of September, 1938.

Share Warrant Holders will present coupons, Serial No. 34, to any branch in Canada of The Royal Bank of Canada, who will negotiate them at par, on or after October 1st, 1938.

H. H. BRONSDON,
Secretary.

Dated at Toronto, September 8th, 1938.

Acme Glove Works Limited

DIVIDEND NOTICE

A quarterly dividend of One and Five Eighths Per Cent (1⅝%) has been declared upon the Six and One Half Per Cent (6½%) Cumulative Preferred Shares of Capital Stock of this Company, to be paid October 1st, 1938, to shareholders of record at the close of business on September 17th, 1938.

A dividend of Twelve and One Half Cents (12½c.) per share has been declared on the no par value Common Stock of this Company, to be paid on October 1st, 1938, to shareholders of record at the close of business on September 17th, 1938.

By Order of the Board,
C. H. DAWSON,
Secretary.

Montreal, September 9th, 1938.

Dividends Declared (Con.)

	This payment	Date payable	Date of record
National Trust	$2	Oct. 1	Sept. 20
North Star Oil, pf.	8¾c	Oct. 1	Sept. 15
Ottawa L., H. & P.	$1.50	Oct. 1	Sept. 15
Do., pref.	$1.25	Oct. 1	Sept. 15
Ogilvie Flour, c.	25c	Oct. 1	Sept. 20
Ont. Loan & Deb.	$1.25	Oct. 1	Sept. 15
Page-Hersey	$1	Oct. 1	Sept. 15
Porto Rico Pr. pf.	$1.75	Oct. 1	Sept. 15
Premier Gold	3c	Oct. 15	Sept. 16
Petrol. Oil & Gas	2c	Oct. 1	Sept. 15
Pickle Crow G.	10c	Sept. 30	Sept. 15
Pioneer Gold. B.C.	10c	Oct. 1	Sept. 1
Power Corp., 1st pf.	$1.50	Oct. 15	Sept. 30
Do., 2nd pfd.	75c	Oct. 15	Sept. 30
Reno Gold	1½c	Oct. 1	Sept. 10
Remington Rand, c.	20c	Oct. 1	Sept. 9
Do., pref.	$1.12½	Oct. 1	Sept. 9
Riverside Silk, A.	50c	Oct. 1	Sept. 15
Russell Indust.	$1.50	Sept. 30	Sept. 15
Do., pref.	$1.75	Sept. 30	Sept. 15
Simon & Sons	†15c	Sept. 30	Sept. 14
Do., pref.	$1.75	Sept. 30	Sept. 14
Sheep Creek G.	3c	Oct. 15	Sept. 30
Sylvanite Gold, c.	5c	Sept. 30	Aug. 20
South. Can. Pr., p.	$1.50	Oct. 15	Sept. 20
Smith, How., pf.	$1.50	Oct. 15	Sept. 30
Stand. Fuel, pf.	$1.62½	Oct. 1	Sept. 15
Sher.-Williams, p.	‡$1.75	Oct. 1	Sept. 15
Stedman Bros.	15c	Oct. 1	Sept. 20
Sun Life	$3.75	Oct. 1	Sept. 15
Toronto Gen. Tr.	$1	Oct. 1	Sept. 17
Teck-Hughes G.	10c	Oct. 1	Sept. 9
Do., bonus	5c	Oct. 1	Sept. 9
Toronto Mortgage	$1.50	Oct. 1	Sept. 15
United Bond & S.	20c	Oct. 15	Sept. 30
Viau Ltd., pf.	$1.25	Oct. 1	Sept. 20
West Koot. Pr., pf.	$1.75	Oct. 1	Sept. 15
Weston, Geo., c.	20c	Oct. 1	Sept. 15
Wr.-Harg.	10+5c	Oct. 1	Aug. 26

‡On arrears. †Interim.

Dividend Deferred—
Can. Foreign Investment, com., due Oct. 1. Last paid 40c, July 1, 1938.

A. J. PATTISON JR. & CO. Ltd.
Established 1907
CORPORATION SECURITIES
Royal Bank — EL. 5101
TORONTO

DIVIDEND NOTICES

PAMOUR PORCUPINE MINES, LIMITED

DIVIDEND NOTICE

Notice is hereby given that an interim dividend for the year 1938 of 12c per share, payable in Canadian Funds, has been declared by the Directors of PAMOUR PORCUPINE MINES, LIMITED, payable First day of November, 1938, to shareholders of record at the close of business October 14th, 1938.

By order of the Board.
J. R. BRADFIELD,
Secretary.

Toronto, Ont.,
September 13th, 1938.

Investment Foundation Limited

Preferred Dividend No. 38

NOTICE IS HEREBY GIVEN that a Dividend of 75 Cents per share (being at the rate of 6% per annum) has been declared on the Cumulative Convertible Preferred stock of this Company, for the Quarter ending September 30th, 1938, payable October 15th, 1938, to shareholders of record September 30th, 1938.

By Order of the Board,
R. M. BROWN,
Secretary-Treasurer.

FRONTIER ROYALTIES

LIMITED

Notice of Distribution

NOTICE is hereby given that a distribution, in accordance with the terms of the Trust Agreement, will be made on or after the 27th day of September, 1938, from the proceeds of production for the period ending the 31st day of August, 1938, to shareholders of record as of the 20th day of September, 1938.

By Order of the Board of Directors.
J. G. GEMMELL,
Secretary.

Calgary, Alberta,
September 9, 1938.

Transfer Agent—The Trusts & Guarantee Co. Ltd., Calgary, Alberta.

Ottawa Light Heat and Power Company, Limited

Quarterly dividends as follows are payable 1st October, 1938, to Shareholders of record 15th September, 1938:

PREFERRED STOCK: 1¼%, (being at the rate of 5% per annum.)

COMMON STOCK: 1½%, (being at the rate of 6% per annum.)

The transfer books will not be closed.

By Order of the Board.
F. W. FEE,
Secretary.

OTTAWA, 6th, September, 1938.

POWER CORPORATION OF CANADA LIMITED

Second Preferred Dividend No. 45

NOTICE is hereby given that a dividend of one and one-half per cent (75 cents per share) being at the rate of 6% per annum has been declared on the 6% Non-Cumulative Participating Preferred Stock of Power Corporation of Canada, Limited, for the quarter ending September 30th, 1938, payable October 15th, 1938, to shareholders of record at the close of business on September 30th, 1938.

By order of the Board,
L. C. HASKELL, Secretary.

Montreal, August 26th, 1938.

POWER CORPORATION OF CANADA LIMITED

Preferred Dividend No. 53

NOTICE is hereby given that a dividend of 1½% (being at the rate of 6% per annum) has been declared on the 6% Cumulative Preferred Stock of Power Corporation of Canada, Limited, for the quarter ending September 30th, 1938, payable October 15th, 1938, to shareholders of record at the close of business on September 30th, 1938.

By order of the Board,
L. C. HASKELL, Secretary.

Montreal, August 26th, 1938.

BP BUILDING PRODUCTS LIMITED

Dividend Notice

Notice is hereby given that a regular dividend of Fifty Cents (50c.) per share has been declared on the outstanding common shares of the company for the quarter ending September 30th, 1938, payable October 1st, 1938, to shareholders of record September 16th, 1938.

By order of the Board,
R. C. CROOKER,
Secretary-Treasurer.

Sun Life Assurance Company of Canada

Head Office: Montreal
Stock Transfer Department

Notice is hereby given that a dividend of three dollars seventy-five cents ($3.75) per share on the capital stock of the Company has been declared for the quarter ending September 30th, 1938, and will be paid on October 1st, 1938, to shareholders of record at the close of business on September 15th, 1938.

The stock transfer books of the Company will be closed from September 16th to September 30th, both dates inclusive, for the preparation of the above dividend.

By Order of the Board,
F. J. CUNNINGHAM,
Secretary.

McCOLL-FRONTENAC OIL COMPANY LIMITED

Preferred Stock Dividend No. 43

NOTICE IS HEREBY GIVEN that a dividend of $1.50 per share being at the rate of 6 per cent per annum has been declared on the 6 per cent cumulative Preferred Stock of McColl-Frontenac Oil Company, Limited, for the quarter ending September 30th, 1938, payable October 15th, 1938, to shareholders of record at the close of business September 30th, 1938.

By order of the Board,
FRED HUNT,
Secretary.

August 31st, 1938.

Moneta Porcupine Mines Limited

(No Personal Liability)

DIVIDEND No. 1

NOTICE is hereby given that a dividend of three cents per share has been declared by the Directors of Moneta Porcupine Mines Limited (No Personal Liability) payable in Canadian funds on October 1st, 1938, to Shareholders of record September 15th, 1938.

By order of the Board.
W. C. C. MACKENZIE,
Secretary.

Toronto, Ontario,
September 2nd, 1938.

Wheat-Flour Exports Small

No Improvement in Volume and Prices Sharply Lower

Wheat exports picked up slightly in August over the previous month. Compared with August a year ago, however, they were down slightly and far below that month in 1936 and 1935. For the year ended August total export amounted to 3.6 million barrels, down substantially from recent years.

Average export price already slipping earlier in the summer continued sharply last month, August being 43 cents per barrel below July and almost $2 less than a year ago. For the year ended August, however, the average price was still above the previous 12 months period.

Small Wheat Exports

Small wheat exports in August reflected the extreme shortage of old crop wheat in that month. Total exports amounted to slightly over six million bushels or about the same as a year ago. Export this month is believed to be only slightly better, although there is now plenty of new wheat in stock with visible reported at practically 90 millions last week.

Details of export are as follows:

Flour Exports

August:	Quantity Barrels	Total Value $	Average Export Price $
1935	376,562	1,405,278	3.732
1936	387,728	1,596,643	4.118
1937	288,608	1,780,717	6.170
1938	286,270	1,269,152	4.433
July, 1938	282,985	1,375,186	4.860
12 Mos. ended August:			
1935	4,714,783	18,072,631	3.833
1936	4,990,083	20,211,459	4.050
1937	4,426,545	23,605,661	5.333
1938	3,607,318	20,186,683	5.596

Wheat Exports

August:	Quantity Bushels	Total Value $	Average Export Price $
1935	21,698,284	17,603,968	0.811
1936	21,157,268	20,853,825	0.986
1937	6,544,967	9,098,765	1.390
1938	6,266,055	5,670,536	0.905
July, 1938	7,248,115	7,455,209	1.029
12 Mos. ended August:			
1935	151,363,519	123,163,230	0.814
1936	231,478,633	193,426,432	0.836
1937	160,245,859	186,648,891	1.165
1938	76,434,683	90,455,268	1.183

Commodities

Commodity indices were lower this week, but the decline like the recent gain, was of selective nature. The whole list continues to be dominated by highly volatile growing things like wheat, cotton and livestock. For some of these lines future trends are certain to be in sharp contrast with the general average. While inventories of industrial commodities for the most part have been getting lower, those of wheat are approaching the highest point in over three years.

This week, however, even some of the industrial commodities have not been acting too buoyantly. Rubber, for example, has dropped back from its recent high point. With war uncertainty still existing, observers have been so hedging prognostications that they are of little value. One does gather, however, that firmness of most lines is expected to continue with some minor downward revision following any sudden jumps.

Price Range

	Latest week	Previous week	Same week last yr.
Cattle	$7.00	$7.00	$9.50
Hogs	10.25	10.00	11.00
Copper, lb.	.10⅛	.10	.14
Cotton, lb.	.0801	.0822	.0917
Rubber, lb.	.1585	.1627	.1918
Sugar, raw, lb.	.0290	.0295	.0350
Silk, lb.	1.78	1.75½	1.86
Wheat, Man. (bus.)	.62⅛	.60¼	1.27⅝
Coffee, lb.	.05¾	.05¾	.09¼
Hides	.11⅛	.11½	.16
Weekly Indices			
Canada (D.B.S.)	74.6	75.1	84.6
Do., Wood, Gundy	54.8	54.8	77.9
U. S. Labor	77.8	77.8	86.4
Dow Jones (future)	46.89	47.66	63.10
Crumps (Brit.)	71.8	72.2	83.0
Fishers'	80.6	80.6	91.2

Monthly Indices

Canada (D.B.S.)	Latest month	Prev. month	Same last year
Retail (Aug.)	84.9	84.2	83.7
W'sale (July)	78.6	80.1	87.6
U. S. (June)	78.3	78.1	87.2
Gt. Brit. (July)	100.6	100.7	111.5

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto: Copper-electrolytic, New York: Silk — Japanese, 13-15 New York: Sugar — 96 degrees centrifugal c/f New York: Wheat — No. 1 Man. North, Ft. W.-Pt. A. Basis: Hides — No. 1 packer light.

Newmarket, Ont.

Town of Newmarket, Ont., has sold $17,000 of 3½% serial debentures, maturing from 1939 to 1955, to Harrison & Co., Toronto, at a cost basis of approximately 3.4%.

Week in Wheat

Chicago Sees Revival Of Speculative Buying

Long Absent from World Wheat Markets, Active Purchasing Sends Prices Up Nearly Four Cents — Winnipeg Quotations Strengthened

From Our Own Correspondent

WINNIPEG.—Speculative purchasing of wheat, long absent in large volume from wheat markets of the world, was revived with a rush early this week in the Chicago market. Active trading sent prices up 3½ cents a bushel. Markets in the United States gained further strength from reports that farmers were commencing to hold wheat in considerable volume.

Winnipeg was affected to a limited extent, although earlier declines were offset as a result of the Chicago influence. Although all deliveries at Chicago have been selling well above prices prevailing at Winnipeg, it is possible for the differentials to widen still more, at least temporarily. The fact that exports from the United States are being subsidized makes it possible for the Chicago market to stay above world parity, while Winnipeg prices must be related to Liverpool quotations.

So far the tenseness in the European situation appears to have produced no important buying from either Great Britain or the Continent. In fact, apprehension has tended rather to limit than to increase importers' commitments. Speculative buying in Winnipeg is not anticipated in volume until with the lapse of time the Wheat Board has disposed of a considerable part of its handlings. But if prices show a rising tendency it is probable that farmers will commence to hold back some of their wheat, instead of rushing to deliver it to the Wheat Board as has been the practice so far.

Washington Disappointed

Dispatches from Washington continue to emphasize the disappointment of the administration, with the results of the programme for subsidizing exports of wheat and flour. Revision in procedure are hinted at, although to date the principal change made effective is in drawing a veil of secrecy over operations by ceasing to make public figures of purchases and sales.

Greatest degree of subsidy appears to have been applied to the soft, white wheat from the Pacific coast, which as a result has become the cheapest quality wheat on offer in Liverpool. Quotations for Russian wheat are still lower, but such wheat has been discounted on account of being very dirty, and on account of lack of quality. The U. S. administration, however, discovered that the overseas market for soft, white wheat is a limited one, and efforts to expand it by cutting prices have not been successful.

In addition, normal export business in other grades of wheat was interfered with by the fact of the Government being in the business. The greatest disappointment, however, appears to have arisen from the fact that when international prices were reduced as a result of the subsidy programme, the reduction was extended to domestic quotations for United States wheat.

Administration efforts to hold back wheat marketing by offering loans on wheat carried in store by farmers, appeared to have been comparatively successful, but farmers have hesitated to take such loans, even at prices well above the current market for fear of getting too deeply involved in Government plans for reducing acreage.

* * *

British Accumulation

Market observers continue to discuss the possibility of a large purchase of wheat by the British Government for security stocks. Although announcement was made some time ago by the British Government that purchase of such stocks had been made, it was difficult to discover actual statistics of the movement. The market, therefore, has tended to believe that accumulations were largely represented by purchase of afloat Australian wheat, which would be disposed of on arrival, and that the real storage would only come with the delivery in quantity of Canadian wheat. While there are occasional rumors of forward business presumed to be based on such a policy, advance evidence to its progress has been lacking, and discussions are mainly on a basis of speculation and probability.

The long decline in wheat prices which carried October wheat well below 60c. a bushel was checked at the end of last week when a large volume of buying came into the market from overseas. It appeared that importers, temporarily at least, had reversed their waiting policy and had decided that either prices were at bottom or commitments could no longer be deferred.

United States markets halted in their decline for two principal reasons. One was that millers, bakers and housewives apparently began to stock up with cheap wheat and flour, while at the same time pressure on the market was relaxed as farmers began holding their wheat in the hope of higher prices later on. In addition, a certain amount of investment buying, after a long absence from the market, began to come in.

The Canadian Wheat Board appeared to have disposed of substantial quantities both in the futures and in the cash market at Winnipeg, while sales in fair volume were also made from Vancouver.

* * *

Ship Through Vancouver

Business at Vancouver is being encouraged by the fact that both lake and transatlantic freight rates have recently advanced. Lake vessels are getting 5¾ cents to Montreal and are asking 6 cents and over for later shipments. The ocean rate from Montreal to Liverpool is quoted at 8¼ cents per bushel. At the moment the cost of transporting grain from Vancouver to Liverpool is less than the cost from the Head of the Lakes. Liners from the Pacific Coast, because of the recent dearth of grain shipments, have brought their rates down to 20 shillings a ton. That, however, is not sufficient to attract tramp vessels and the rate is expected to advance as the commitment for space from Vancouver grows. In the meantime some importers are taking advantage of the situation and making their commitments from Vancouver.

The Canadian Wheat Board, it is calculated, can afford to offer grain at Vancouver at 2 to 3 cents a bushel under the price at Fort William. Its basic buying price, 80c. per bushel, for 1 Northern, is the same either at Vancouver or at the Head of the Lakes, and Alberta farmers are assessed only the freight rate to Vancouver, which from the majority of points is 2 to 3 cents per bushel less than to the Head of the Lakes, and in some places the differential is as high as 5 cents. Rather than absorb the differential by shipping its grain by the eastern route the Board could afford to make it slightly cheaper at Vancouver. Because of the large crop harvested in Alberta, the trade at Vancouver is looking forward to a heavy business this year.

* * *

Crop is Variable

Between the Dominion Government estimate of wheat production in western Canada and that of the Winnipeg Free Press there is a difference of only 9.25 million bushels, but the Free Press estimate for the Province of Saskatchewan is nearly 15 million bushels below that of the Government, while for both Manitoba and Alberta the newspaper estimate is slightly higher than that of the Government.

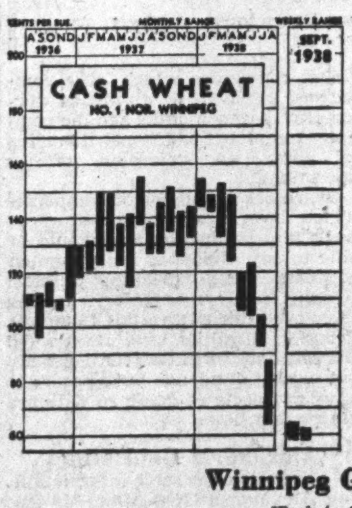
The difference in the Saskatchewan figures illustrates the difficulty of making a close estimate this year. The promise of production in that province early in the season was great, but between rust and grasshoppers probably 75 million bushels of prospective production were destroyed, even to the extent of total failure in limited areas, and extremely small yields in others.

Very few areas in Saskatchewan yielded as high as 20 bushels to the acre, while Manitoba had some areas which went well over that figure, and Alberta some very considerable sections. In the extreme southwest of Alberta some yields went 30, 35 and 40 bushels to the acre, while between Calgary and Red Deer a good deal of land showed yields as high as 25 bushels to the acre.

Farmers in Manitoba are not so well off as last year when they marketed a heavy wheat crop at high prices, and also got good returns for their coarse grains. In both Saskatchewan and Alberta they are, on the whole, decidedly better off than a year ago. Of all western business areas those tributary to Lethbridge and Calgary are going to show the greatest improvement.

A total crop of oats in the West amounting to 247 million bushels and a barley crop of 87 million bushels assure an abundance of feed for livestock, although the extremely low prices prevailing for these grains are hard on the farmers who have to sell their production instead of feeding it.

Wheat Prices



(Cash Quotations)

	For Week Sept. 13 High	For Week Sept. 13 Low	Prev. Week High	Prev. Week Low
1 Northern	.62¼	.57½	.63¾	.58
2 Northern	.58⅞	.55	.61¾	.55½
3 Northern	.57⅜	.53½	.60¼	.54
4 Northern	.54⅝	.50½	.56¼	.50½
5 Wheat	.47⅞	.43½	.48¼	.43½
6 Wheat	.41⅞	.37½	.42¼	.37½
Feed Wheat	.38⅞	.34½	.39¼	.34½

Competitive Export Prices:
Sept. shipments:

	Week to Sept. 13 High	Week to Sept. 13 Low
No. 1 North (Van.)	.78⅛	.73⅜
No. 3 North. (Atlan.)	.76¼	.71⅞
Australian (afloat)	.74⅜	.72⅜
Indian (choice Karachi)	.74	.71⅞
U. S. White Pac.‡	.68⅝	.67¼
Argentine Barusso	.77	.74⅛
Russian†	.62⅝	.60⅝

†New crop, afloat.
‡Loading.

Winnipeg Grain Futures

Week to Sept. 13, 1938

Crop year from Aug. 1, 1938 High	Low		Open Sept. 7	High for week	Low for week	Close Sept. 13	Close year ago
		Wheat					
.77⅜	.56⅞	Oct.	.57	.62⅛	.56⅞	.61⅛	1.23⅝
.76⅝	.56½	Dec.	.56⅛	.62⅛	.56⅛	.61⅛	1.21
.77¼	.57⅛	Nov.	.58¼	.62⅛	.57⅜	.61⅜	1.23⅝
.79⅛	.60¼	May	.60½	.65⅜	.60⅝	.65	1.22¼
		Oats					
.32⅞	.27	Oct.	.27⅛	.29⅞	.27⅛	.27⅜	.49⅛
.30⅞	.25¾	Dec.	.25⅜	.28⅜	.25⅜	.27⅜	.47
.30⅛	.28	May	.28	.30⅛	.28	.29¼	.47
		Barley					
.45	.32⅝	Oct.	.32⅝	.35¼	.32⅝	.34	.57½
.44⅛	.33⅛	Dec.	.33⅛	.35⅝	.33⅛	.34⅛	.55¾
.44⅝	.35⅛	May	.35¼	.37	.35⅛	.36	.55⅝
		Flax					
1.43⅝	1.27	Oct.	1.28½	1.37⅛	1.27	1.31	1.73½
1.40½	1.25¼	Dec.	1.27½	1.36⅝	1.25¼	1.30	1.74
		Rye					
.46½	.36	Oct.	.36	.39⅛	.36	.38⅜	.87⅛
.47⅞	.36⅝	Dec.	.36⅝	.39⅛	.36⅝	.38⅞	.88½
.47⅝	.39⅝	May	.39⅝	.42⅛	.39⅛	.41⅛	.87⅜

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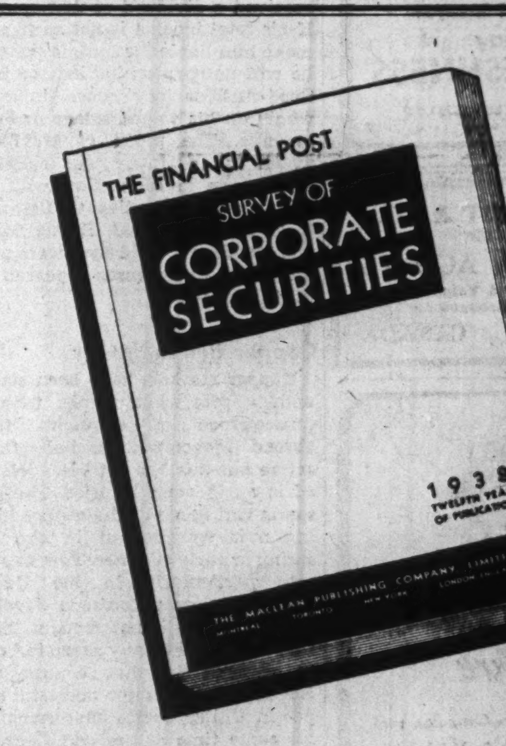

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Monarch Reports 3 Mos. Results

Production is Normal; Allowable Set at 300 Barrels

Production for the three months ended July 31, 1938, is reported by Monarch Royalties at 21,842 barrels valued at $27,721 as compared with 22,891 barrels valued at $29,259 in the previous three months' period.

The amount distributable to shareholders was $12,500 for the three months ended July 31, as compared with $16,250 in the previous period.

The new allowable placed in effect on Sept. 12, placed the allowable for the company's No. 1 well at 300 barrels compared with a quota of 446 barrels on Sept. 2 and 368 barrels before the present method of setting allowables was placed in effect.

Statement of Receipts and Payments
Three Months Ended July 31, 1938

	$
Receipts:	
Crude oil (21,842 bbls.)	27,721
Less: Gross royalty 25%	6,930
Net receipts	20,791
Add: Balance, Apr. 30, 1938	420
	21,211
Payments:	
Acidization	1,682
Operating expenses	1,532
Management fees	750
Trustee expenses	776
Miscellaneous	448
	5,188
Surface equipment	10
Bond purchased, on dep. re leasehold rights	491
	5,689
Distribution to shareholders	12,500
Prov. for accr. & conting. liabs.	3,022
	21,211

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Week in Mining

Mining Share Prices Ruled From Abroad

Market Attuned Closely to European Developments — Germany Reported Buying Copper at New York — Gold Movement Continues Heavy

Mining stock markets during the past week have been even more unsettled than at any time in the last few months. Anxiety one day over what Hitler was going to say would be followed by a feeling of relief that he had not said what had been expected of him. Traders moved cautiously and there was a fairly general feeling that until the situation became clarified it was better to adopt a wait and see attitude.

On Tuesday after sentiment had started to become a little more cheerful the Sudeten ultimatum gave the mining stocks the necessary push to send them to sharply lower levels. Buyers were not numerous. There were some, however, who seized what they thought was an opportunity to acquire bargains.

Gold stocks were the weak feature of the whole market. Base metal issues which should logically strengthen on war news went down along with the rest.

The metal markets themselves have been firm with Europe stated to be showing considerable interest at New York. Germany and Great Britain were both said to be buying copper freely.

Gold Movement Heavy

Gold movement to the United States continued heavy. Some $42,500,000 of gold arrived at New York on Tuesday morning while some interest attached to the fact that the Aquitania also carried 333 bars of silver.

Demand for gold which took the price up to 114s 7½d on Monday abated slightly on Tuesday. It was feared by some that there might be difficulty in getting private gold holdings out of the United Kingdom if war were actually declared.

Rather significant was the report that at long last a move was being made to support sterling at around $4.80¼.

* * *

Read-Authier Settlement

News regarding the industry itself contained some encouraging items.

The ruling on Read-Authier under section 32B was considered by mining men as reasonably satisfactory. It was not received enthusiastically by everyone. But on the other hand, it was not as bad as some had feared. In short if the Government takes this case as a precedent as it possibly will, the industry will probably accept the situation without further opposition. A point to be emphasized is that the income tax payable on the official valuation of 23 cents a share placed on the assets to be distributed will be levied just as if the holder of Read-Authier shares had received a dividend of that amount. If his total income is not such as to make him liable for income tax then he will not pay on his income from Read-Authier any more than he would on his wages, salary or other revenue. The profit of $423,830.94 which the company was ruled to have made in connection with the sale of its properties to Lamaque Gold Mines Limited, Sigma Mines and Nu Sigma Gold Syndicate after deducting all expenses appeared not to be excessive.

* * *

Copper Prices Steady

Copper markets have been steady with a somewhat firmer tone in consequence of enquiries from abroad. Movement has been fairly active but this has not been reflected in an increase in price. The reason is that much of the copper moving now was bought in the late spring or early summer. This was the case particularly in the United States. Unless unforeseen developments occur it is not thought likely that there will be any sharp increase in demand in that country till November. Prices for domestic copper in United States have remained for some time at the odd figure of 10⅛ cents. It is stated that when this figure was set it was in the nature of a buffer to ease an ultimate decline to 10 cents per pound. The fact that 10⅛ has been maintained is regarded as rather significant. The war scare was mentioned as the cause of the increased enquiry from abroad. New York papers quote F. S. Gates president of Phelps Dodge Copper Corporation as saying that the demand from Europe for copper will be maintained for at least another year. Peace time uses of copper abroad, he said, were substantial in view of much electrification work.

* * *

Pamour's First Dividend

Declaration of an initial dividend by Pamour Porcupine of 12 cents a share for the year 1938 was well received. It means that Noranda Mines Limited will now get some return from the money and effort expended on bringing the property to production. Noranda is known to own over 50% of the issued capital of 5,000,000 shares which means that the parent company will receive over $300,000 from this one dividend. With earnings for the six months ended June 30 last 14.2 cents per share it is reasonable to expect that the distribution in 1939 will be considerably higher. Especially is this so as the property has not yet reached its maximum development.

* * *

C. C. Ross Dies

C. C. Ross, former Minister of Lands and Mines in the Alberta Government, died suddenly at Vancouver. He at one time held the position of supervising engineer for the Department of the Interior with administration over all mining regulations on Crown lands. He withdrew from the Alberta Cabinet some two years ago.

Mining Company Options

Brock Gold Mines—On Aug. 31, 1938, Federal Kirkland Mining Co., purchased 300,000 shares at 7½c. payable forthwith, and received option on 1,500,000 shares as follows: 150,000 shares at 10c.; 200,000 shares at 15c.; 250,000 shares at 20c., payable by Dec. 31, 1938; 100,000 shares at 10c. to Sept. 1, 1939; balance optioned at 25c. to 50c. to be taken up 100,000 shares monthly after July 1, 1939. On Aug. 31, 1938, Federal Trading & Agency Co., Ltd., purchased from Federal Kirkland, 100,000 shares at 7½c. payable forthwith, and received option on 650,000 shares, payable by Dec. 31, 1938. Co. incorporated May, 1938; authorized capital 3,000,000 shares with 1,200,000 shares issued.

Drury Nickel Mines—Agreement dated April 12 with R. P. Clarke & Co., Ltd., has been terminated.

Gorham Gold Mines—P. W. Bishop has taken up 594,000 shares and remaining options have been extended 90 days, in consideration of release to company of 250,000 shares optioned at 35c. and 250,000 shares optioned at 40c. Balance remaining under option 1,006,000 shares.

Grenlard Kirkland Mines—Agreement with Jas. McCarr has been terminated.

Perwall Petroleums—On Aug. 10, 1,100,000 shares optioned to K. F. MacLaren & Co., Ltd., at 30c. payable $15,000 per month for 6 months; balance within 2 years. Co. incorporated, June, 1938; authorized capital 2,500,000 shares with 605,005 shares to be issued.

Supreme Gold Mines—On Sept. 7, 450,000 shares optioned Callander Manor Ltd., at 5c., payable $500 forthwith and $1,000 monthly until balance paid. Co. incorporated Feb., 1934; 2,000,000 shares authorized with 1,515,896 issued. Co. intends to increase capitalization to 3,000,000 shares and to grant further option to optionee.

Upper Seine Gold Mines—On Aug. 2, optioned 500,000 shares to Wm. L. Doyle & Co., 200,000 shares at 15c.; 200,000 shares at 20c.; 100,000 shares at 25c., payable 100,000 shares every 60 days. Co. incorporated April, 1938; authorized capital 3,000,000 shares with 1,270,955 shares issued.

Weco Gold Developments—Agreements with Leonard O. Lumbers and G. Firth dated June 22, and with Aird, MacLeod & Co., dated June 22, have been terminated.

Roche Long Lac Gold Mines—Payment was not received for Sept. 2 installment comprising option on 50,000 shares at 17½c. under agreement with J. P. Cannon dated Aug. 3, and agreement terminated by default. Issued capital is 2,395,005 shares.

J.-M. Consolidated Gold Mines—Final installment of $12,000 due Sept. 8 has been received under agreement of July 7 with Jenkins Evans comprising an underwriting on 400,000 shares at 9 cents per share. Issued capital is 2,750,000 shares with no further options or underwritings outstanding.

Macassa Earns 11c in 6 Months

Mill Addition Placed in Operation—Winze Completed

In the six months ended June 30, 1938, Macassa Mines reported net earnings estimated at $296,539 equal to 11 cents per share for the period. This compared with a net profit of $608,193 equal to 22.7 cents per share for the full year 1937.

Additions to mill and milling equipment have been completed, raising capacity from 275 to 400 tons daily. New equipment has been started, and before the end of September it is expected that 400 tons will be milled regularly.

Sinking of the winze from the 3,350-foot level has been completed to a depth of 3,825 feet, and stations for new levels have been established at 3,475, 3,600 and 3,725 feet. Crosscutting from the stations on these levels has commenced and it is estimated that the main vein will be intersected on these levels between October 1 and 15, when development of the ore on these levels will commence.

Preliminary shaft sinking operations have been completed, the company reports, and the new shaft has reached a depth of 50 feet. Shaft collar, headframe, and surface plant have been completed and regular continuous sinking operations started.

The regular quarterly dividend of five cents per share has been declared payable September 15, 1938, to shareholders of record August 31.

Estimated Earnings
Six Months Ended June 30, 1938

	$
Gross value of production	789,124
Add: Sundry revenue	6,410
Total revenue	795,534
Less: Devel., oper. & adm. exps.	334,442
Deprec. on plant & equip. & explor. w/o	119,067
Reserve for taxes	45,486
Est. net profit	269,539
Earnings per Share	$0.11
No. of tons milled	48,503
Average Recovery per Ton	$16.27

Texas-Canadian Brings in Wildcat

Expect First Well on 3,300 Acre Tract to Give 75 Barrels

A wildcat well has been brought into production by Texas-Canadian Oil Corporation on its recently purchased tract of 3,300 acres at Falcon, Arkansas. The well completed is expected to produce about 75 barrels per day, according to P. D. Bowlen, president and managing director.

A good market for the oil is stated to exist at 80 cents per barrel and pipe line connections seems assured.

The well cut 30 ft. of solid saturated Nacatosh sand at 1,180-ft. depth. These sands have produced for some 15 years in the Irma field, some 15 miles distant. Recoverable is estimated by Mr. Bowlen at from six to eight thousand barrels per acre.

Since the producing sand was reached at a relatively shallow depth, the cost of drilling wells in this area will average about $5,000 per well, and with a revenue of about $50 daily expected, drilling costs can be repaid in slightly over three months, it is stated.

Asnazu Gold Dredging Production Declines

From Our Own Correspondent

MONTREAL.—During the three months ended Aug. 31 Asnazu Gold Dredging Ltd. handled 505,100 cubic yards of gravel, recovering 2,688 ounces of fine gold, equivalent to $94,080. This compares with a recovery of 4,330 ounces, equivalent to $151,550, in the three months ended May 31, from 405,500 cubic yards.

The lower recovery is due to dredging of some low valued ground which had to be handled at this time or permanently abandoned.

Production in the three months ended Aug. 31, 1937, amounted to 6,972 ounces, equal to $244,000.

Pato Consolidated Gold Output Jumps

From Our Own Correspondent

MONTREAL.—For the three months to Sept. 1 last, Pato Consolidated Gold Dredging reports a production of $439,845. This compares with an output of $250,320 in the previous three months and $198,835 in the corresponding period a year ago.

During the three-month period the company dredged 3,031,000 cubic yards of gravel from which it obtained 10,463 ounces of fine gold. At the same time its hydraulic units handled 264,000 cubic yards which yielded 2,104 ounces of fine gold.

Fallentimber Is Scene of Oil and Gas Survey

A report on the gas and oil possibilities of the Fallentimber area of Alberta is made in a preliminary survey of B. R. MacKay, issued by the Geological Survey Division of the Dominion Department of Mines.

Four anticlinal structures are noted in the area, two of which have been partially tested by drilling. The depth of the limestone is stated to be a matter of inference, being at least 7,500 ft. in depth, according to estimates.

A test well is being drilled on the crest of the Red Deer River-Silver Creek anticline which it is hoped will be carried to a sufficient depth to test the structure.

The Fallentimber area lies 15 miles west of Calgary, Red Deer and Edmonton branch of the Canadian Pacific Railway.

The Week in Oils

Large Producers Gain On Allowable Revision

Action Necessitated by Completion of Commoil No. 1 and Failure of Some Wells to Produce Allowable — Three Wells Completed

Production allowables on Turner Valley oil wells were redistributed last Monday when a new schedule of allowables was placed in effect at 8 a.m.

Setting of new allowables was necessitated through failure of some wells to produce their allowable causing a shortage of production, and due to the completion of a large new producer Commoil No. 2 with an allowable of 1,100 barrels daily.

Total allowable under the new schedules remains practically unchanged at 28,300 barrels compared with the former quota of 28,364 barrels given effect Sept. 2. It is expected the new allowable will be fully produced, however, the field fell about 2,000 barrels daily behind under its old allowables.

The present quota makes no allowance for completion of three new wells. York No. 1 has been brought in, giving evidence of being one of the field's largest wells. Royalite No. 33 will be a good producer, while results from Sunset No. 2 are not yet available. Completion of these wells will probably bring a further change in allowables during October.

Frontier Royalties Leads

Large wells were chief gainers in the quota change. Frontier Royalties led the parade with a new allowable of 1,955 barrels compared with the old of 1,325 barrels; close behind came Sundance Royalties with new allowable of 1,909 barrels against a former 1,293 barrels. Vulcan Brown No. 1, Sunset Oils No. 1, Commoil No. 1 and West Turner No. 1 showed gains ranging from 581 barrels down to 450 barrels. Among the losers, the Coronation well and Davies No. 1, were hardest hit, their allowables being reduced 614 and 601 barrels respectively to 600 barrels in each case.

Would Delay Proration of Gas

Alberta Petroleum Association passed a motion requesting a delay to Dec. 1, of the placing of gas wells under proration, and this motion was placed before the Conservation Board. Gas producers claim that this is the season of peak demand and proration of gas wells would cause them to lose a market for some 1,800 bbls. of naphtha daily. Proration of gas wells to about 11% of capacity as proposed would force closing of absorption plants, it is claimed. Some consideration is being given to the possibility of pumping gas back into the field, after passing it through the absorption plants.

Arrangements have not yet been completed for the completion of the Okalta No. 6 well, the most important test well in the Turner Valley field. At the present time, the well is standing with casing set to the top of the lime at 9,734 ft. It is estimated $75,000 would be required for new equipment and finishing of the well. Calgary and Edmonton, which has extensive acreages in the same area, has advanced four proposals which would allow the completion of the well.

Anglo-Canadian No. 1

The Anglo-Canadian No. 1 well, another important test half a mile west of the producing area reached the grit bed at 6,320 ft. and is expected to reach the lime at 7,850 to 7,950 ft. It is now drilling at 6,456 ft. Operations were suspended at the Anglo-Canadian No. 2 well drilling in the south Turner Valley section when structure was found to be logging much deeper than expected.

Well:	Sept. 12 Quota	Sept. 2 Quota
Advance 5A	110	145.0
Barsac Royalties	600	619.9
B. & B. Royalties	146	150.1
Brown Oil Corp. 1	412	424.4
Brown Oil Corp. 2	750	916.2
Brown Oil Corp. 4	650	769.6
Commoil 1	1,477	999.5
Commoil 2	1,100	....
Coronation	600	1,214.3
Daviet Pete 1	600	1,201.8
Davies Royalite 2	609	626.8
Firestone Pete	400	411.4
Foundation Pete	159	163.9
Four Star Pete	406	417.0
Frontier Royalties	1,955	1,325.2
Globe Royalties	280	300.0
Granville Oils	190	220.0
Mercury Royalties	*300	300.0
Model Oils 1	110	135.0
Model Anaconda 2	14	14.0
Model Spooner 1	102	105.4
Model Spooner 2	392	403.3
Monarch Royalties	300	446.3
National Pete 1	212	218.2
National Pete 2	232	250.0
Prairie Royalties	652	670.3
Richland 2	12	12.0
Royal Canadian 1	600	982.9
Royal Crest	325	493.1
Royalite 28	310	494.4
Royalite 29	400	503.1
Royalite 30	1,250	1,254.0
Royalite 31	400	973.6
Royalite 32	600	672.5
Sterling 3	120	150.2
Sterling 4	520	524.0
Sterling 5	499	512.3
Sterling 6	469	481.2
Share Royalties	175	200.0
Spy Hill Royalties	85	125.0
Sunburst Oils	220	226.0
Sundance Roy	1,909	1,292.8
Sunset Oils 1	1,738	1,174.7
Three Point Pete	185	189.9
Turner Valley Roy.	167	156.3
United 5	800	1,271.1
Vulcan Brown 1	1,744	1,162.5
West Flank 1	125	200.0
West Flank 2	300	407.7
West Flank 3	225	369.9
Westside Royalties	169	173.4
West Turner 1	1,395	944.6
West Turner 2	800	969.0
	28,300	28,363.8

Germans Seek Turner Crude

German Corporation Offers to Build Pipeline to Pacific

From Our Own Correspondent

CALGARY.—The Alberta Petroleum Association has received an offer from Tropicorp, Inc., a German corporation, to build an oil pipeline from Calgary to the Pacific coast, to provide an outlet for Turner Valley crude oil.

Tropicorp has offered to provide all the necessary funds, construct the pipeline and take its pay in oil, which, presumably would be shipped to Germany from the Pacific coast. Estimated cost of the pipeline from Calgary to Vancouver is $16 millions.

It was revealed the original offer was made on June 21, but it was kept a close secret while investigations were made.

R. A. Brown, Sr., chairman of the Alberta Petroleum Association, expressed his personal view that the association's membership would be most reluctant to negotiate with any foreign concern until the matter had been fully discussed with Government officials in Canada and with the proper official in England.

Mr. Brown said the view has been taken that the oil industry should be developed in the interests of Canada and the British Empire to supply their needs in time of peace or war.

East Malartic Mines Reports Operations

In reporting on operations at East Malartic Mines for the period Aug. 1 to Aug. 15, J. P. Norrie, general manager, stated in part as follows:

"M-3 east drift on the 485-ft. level was advanced 62.2 feet on $13.41 grade ore to 354.2 ft. which averages $7.92 for the entire advance.

"Drifts M-3 east and west show a continuous length; 1,403.3 feet of $9.14 grade ore.

"Diamond drilling on the 335-ft. level has extended the porphyry and contact ore zones 180 ft. east of the crosscut in holes 116 and 117. Average width of 10.2 ft., grade $14.54, was shown in the former and seven feet of $12.33 in the latter.

"Drilling north from M-3 east drift gave the following sections: 15.6 ft. of $5.04, and 9 ft. of $6.72 in the contact ore body and 16.4 ft. of $4.32 in the porphyry zone to the north.

"The following sections have been secured at 50-ft. intervals east to west in the contact zone on the 670-ft. level including the crosscut: 32.9 ft. of $6.00, 24 ft. of $6.86, 24 ft. of $7.90, 31.6 ft. of $8.80, 22.1 ft. of $9.30 and 56.2 ft. of $10.33."

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Read-Authier Distribution Ruled as 23 Cent Dividend

A profit of $423,831 was made by Read-Authier Mines Ltd., in its transactions in connection with sale of its properties to Lamaque Gold Mines, Sigma Mines and Nu Sigma Syndicate, according to the interpretation of the Department of National Revenue, and any distribution of the company's assets will be subject to taxes based on this amount.

This ruling is of great importance to the mining industry. It is the first major decision under section 32B of the Dominion Income Tax Act.

The company's profit will be taxed at the corporation rate of 15%.

On a distribution of assets to the public, shareholders will find themselves in the same position as regards income tax as they would if they had received a dividend of 23 cents per share on Read-Authier shares. That is the value for income tax purposes placed on the assets to be distributed.

Directors of Read-Authier consider it in the best interests of shareholders to accept the decision of the income tax authorities and propose at an early date to adopt the necessary resolutions and to enact such by-laws as may be necessary for the distribution of the assets of the company, and the surrender of its charter. As soon as details can be arranged a meeting will be called for this purpose.

Distribution of Read-Authier assets will probably take place in the form of 38 Lamaque shares and 20.66 shares of Sigma Mines (Quebec) for each 100 Read-Authier shares held, together with a distribution of shares in another company formed to take over the remaining assets comprising Nu Sigma Gold Syndicate shares, advances to Sigma Mines (Quebec) Ltd., etc. There is sufficient cash in the Read-Authier treasury at the present time to meet the liability for corporation income tax of 15% on the estimated profit of $423,831.

Mining Dividends

	Rate	Sept. 12	%
Anglo-Huronian	10c	3.05	3.02
Beattie Gold	10c	1.17	8.5
Bralorne	60c+40c	9.00	*11.1
Buffalo Ankerite	$1	15.00	6.6
Bulolo Gold	$3	28.75	10.4
Can. Malartic	6c	.85	7
Cariboo Gold	10c+6c	2.35	*6.8
Central Patricia	16c+2c	2.45	7.3
Coniagas	25c	1.50	..
Coniaurum	10c	1.30	..
Cons. Smelters	50c+50c	57.00	..
Dome Mines	$2	33.00	6.1
Falconbridge	30c	5.25	5.7
Gunnar Gold	†3c	.60	5
Hedley Mascot	12c+4c	1.12	*10.3
Hollinger	65c+45c	14.25	*7.7
Howey Gold	4c	.26	..
Hudson Bay	75c	28.75	..
Inter. Milling	35c	9.50	..
Int. Nickel, com.	$2+25c	48.75	*4.6
Island Mountain	5c	1.20	4.2
Jack Waite	†1½c	.30	..
Kerr Lake	5c	.51	9.8
Kirkland Lake	8c	1.12	7.2
Kootenay Belle	9c+1c	1.32	*7.6
Lake Shore	$4+$1	50.00	*10
Lava Cap M.	8c	.82	..
Little Long Lac	20c	2.90	..
Laguna	†5c	.30	..
Macassa	20c	4.80	4.2
McGillvray Creek	3c	.21	..
McKenzie Red Lake	12c	1.09	11
McKinley Sec.	5c	.65	7.7
Moneta	3c	1.40	..
Noranda	‡$2	72.25	..
Nipissing	15c	1.55	..
North Empire	50c	8.60	5.8
Oro Plata	†4c	.48	..
Pamour Porc.	‡12c	4.00	..
Paymaster	‡1c	.44	..
Pioneer, B.C.	40c	2.90	*13.8
Pickle Crow	40c	4.90	8.2
Placer Develop.	$1.20	15.50	7.7
Premier	12c	2.25	5.3
Reno	10½c	.38	..
San Antonio	14c	1.20	11.6
Sheep Creek	12c+4c	.88	*15.9
Silbak Prem.	†4c	1.80	..
Siscoe	20c+1c	1.80	*11.7
Sudbury Basin	10c	2.25	..
Sullivan Cons.	5c	.95	5.2
Sylvanite	20c+5c	3.05	*8.2
Teck-Hughes	40c+5c	4.70	*9.6
Toburn	8c+4c	1.80	*6.6
Ventures	37½c	5.20	7.2
Wright-Harg.	40c+30c	7.60	*9.2

†Initial. ‡Interim. *Yield includes bonus.

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Halliwell Gold

Would you please give me some information about Halliwell Gold?

Halliwell Gold Mines Ltd. is now interested in the financing of Morris Kirkland Gold. Company has purchased 100,000 shares at 25 cents per share and has been granted options on an additional one million shares. Recent activity at Halliwell property has been confined to extracting a small tonnage of known ore in hope that source of this deposit may be determined. Approximately 2,000 tons of ore have been shipped to Arntfield mill in the past month.

Brokers inform us that the market for the stock is 3½ cents bid, 4½ cents asked. As at Dec. 31, 1937 current assets were reported at $223,314, including cash and call loans of $216,289. Current liabilities were $5,211.

Ram River Oil Co.

I am considering the purchase of shares in the Ram River Oil Company. Can you give me some details on company's financing and projected operations?

Ram River Oil Company owns 1,600 acres on the Ram River anticline, west of Red Deer. The company is pioneering in this area and recently made an offering of 500,000 shares at 25 cents per share. The minimum amount of stock for which the directors were prepared to accept subscriptions was $25,000, the amount estimated to be necessary for expenses and the cost of exploration to a depth of 2,000 feet.

Officials consider that the favorable structure for finding oil is located at about 2,000 feet depth in this area. At the present time a road is being put in to the property and the derrick timbers are being moved in for the well.

Turner Valley Oils

I should be grateful to you if you would indicate to me the best means of taking a conservative long-term investment in the development of the Turner Valley oil field.

Most of the companies operating in the Turner Valley are still in the development stage and their shares cannot be classed as conservative long-term investments. Perhaps the best established firm is the Royalite Oil Company, controlled by Imperial Oil. Its operations cover the field of oil production and refining. The company has paid dividends each year since 1930 and is at present paying at the rate of $1 per share per annum plus extras.

Anglo-Canadian Oil Company was formed in 1934 and has been one of the leading companies in the development of the Turner Valley. Although profits in the 11 months ended Jan. 31, 1938, amounted to only $60,525, the company owns shares in a number of subsidiaries and associated companies which have commenced payment of dividends during 1938. A few months ago the company completed additional financing to allow an extension of its operations.

There are a number of companies which have brought one or more wells into production and should be able to pay dividends for a number of years if the marketing problem remains fairly satisfactory. Among these are Prairie Royalties, Commoil, Frontier Royalties, and Brown Oil Corporation. Of these Frontier is not yet paying dividends but appears to have prospects of doing so within a reasonable time.

Alexandria Gold Mines

Please give me some information on Alexandria Gold Mines. Is the company still in existence?

Alexandria Gold Mines is a holding company for 2,644,549 shares of Alexandria Mining Co. Ltd. It also holds 350,000 shares of Bush Consolidated Mines and 5,000 shares of Hyland Basin Gold Mines.

Alexandria Mining Co., whose shares are quoted on the Toronto unlisted market, owns gold properties in the Phillips Arm section of British Columbia. The property has been developed by five tunnels and some lengths of commercial ore are reported to have been opened up. Arrangements were completed late in 1937 for resumption of operations at the property. We understand that this work is now being carried on.

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Kingston Mine To Be Reopened

British Owners Option Property to Pirate Gold Mines

From Our Own Correspondent

SUDBURY.—Interest in the West Shiningtree mining district is being renewed as a result of current operations there. Early production is now foreshadowed in the field which has experienced a great many ups and downs since the first discoveries were made there a quarter of a century ago.

The latest project to be revived is the old Kingston property. Extensive development is indicated there following announcement that the British owners of the mine have agreed to option it to a new company known as Pirate Gold Mines Limited. At a meeting in London recently the deal was approved, but as yet the details of it have not been announced.

Present plans, it is stated, call for the rehabilitation of the Kingston camps and equipment and the sinking of the present Kingston shaft to the 300-foot level and development of the vein on three levels.

Staked 27 Years Ago

The Kingston property was staked about 27 years ago and was later purchased for $50,000 cash by a group of English capitalists. In 1922 the property was equipped and a shaft sunk on the main Kingston vein to a depth of 114 feet with some drifting on the vein on the 95-foot level, proving around $200,000 worth of $30 ore. Subsequently diamond drilling was done which proved continuity of the vein to the 200-foot level. Approximately $100,000 was spent on development which exposed the vein on surface for a distance of 1,300 feet. Following the diamond drilling campaign the property lay dormant although many attempts have been made by other interests to acquire it.

Pirate Gold Mines Limited owns a group of 10 claims adjoining the Kingston property on the east. The company is capitalized at $3,000,000 with 350,000 shares issued for property. It is stated financial interests in England and Toronto are assuring sufficient funds to bring the properties into production.

Buys Control of Ronda

The recent announcement of Ronda Mines in the same area, that Lord Davies of England had purchased control of the company and that a contract had been let for construction of a 125-ton mill, together with the participation of the Kingston group in the financing of Pirate Gold, would seem to indicate an increasing interest in Canadian mining by British capital and implies renewed activity in the district.

Shoemaker and Burnham of Toronto have the contract for construction of the new Ronda mill, and it is expected it will be ready for operation at the beginning of next year.

With the opening of two new levels at 675 and 800 ft. Ronda expects to get into good shape to feed its new mill. Currently a raise is being put through to surface from the three-compartment winze which was put down from the 300-ft. level. The opening will eventually be used as the main shaft.

Bilmac Gold

At the Bilmac Gold Mines, next to Ronda, the management reports that the 80-ton milling plant has been completed, and that a Diesel plant is on order. Development has been carried on for some years in a small way, and officials state that it is now intended to extend operations.

Mining Investment Sampling

Factors to Watch in the Checking of Developments

By GORDON GRANT
Staff Writer, The Financial Post

Gold mining companies came through the last depression with enhanced prestige and higher dividends. The larger base metal operations were among the first to resume dividends with returning prosperity. The last 10 years has shown shares of an increasing number of Canadian mining companies to have definite investment qualifications.

New mining opportunities are presenting themselves. New camps are being discovered and there is always the possibility of new Norandas and Lake Shores.

If anything, chances are greater today. Mining technique has improved and capital is available for promising propositions.

But to take advantage of opportunities, proper interpretation of mining information is essential and mining information is usually conveyed in a language all its own. But there are certain key facts that both the investor and the speculator should watch.

Management, property value and financial resources are fundamental. Even with plenty of resources and an excellent property, companies must have good management.

Early Stages

The prospect stage of any development is always speculative. When surface work indicates commercial possibilities, it is usually possible to interest capital in diamond drilling. The next stage is underground exploration.

There are a number of factors by which the investor can form an opinion as to the commercial value of the ore body.

Length of the ore body, its average width and the depths to which it has been proved are chief points. But there are also others including the cost of transportation which varies tremendously with the location of the property. There is also the amenability of the ore to treatment. Early difficulties with ore have delayed the development of many properties; made nickel in its first mining stages a scientific problem.

Authorities usually consider 30 inches a minimum mining width for successful working of gold veins. If the vein runs narrower than this, values should be averaged out for this width. In other words, if values for a width of 10 inches were $25 a ton, the investor should consider this equivalent to $8.33 per ton across 30 inches. Narrow, high-grade veins are apt to be misleading. The wider the vein, the lower is the cost of mining the ore. Leitch Gold Mines finds it profitable to mine 20-inch veins averaging $30 per ton; East Malartic should have as great a margin of profit from its ore averaging slightly over $6 per ton across 32 feet. Good profits are being made at Hollinger's Young-Davidson mine on ore running $3.50 per ton. This is an open-cut operation with the ore being scooped up in a huge electric shovel.

Profitable Veins

A vein running $12 to $15 per ton across four to five feet should be profitable if it has vertical continuity and extends for a length of two or three hundred feet. It may be much shorter and still profitable but only if it can be mined in conjunction with other short ore shoots.

In sizing up any mining proposition, average values are of first importance. Promoters have long been accustomed to mention high values obtained from "grab" samples—values from promising specimens. If a showing averaged half the value of "grab" samples it would be doing well.

Channel assays—values obtained from gouges right across the vein—at regular intervals, are the accepted method of determining average values. Even then it is necessary to reduce high individual assays to obtain a representative value.

Muck or bulk sampling is sometimes used to determine average value. While this method has some advantages over channel assaying, it lends itself to misrepresentation. Just as in grab sampling, promising material can be selected and a too optimistic result secured.

Even with close attention to all available information on a property, successful operators in junior mines have saved themselves a lot of grief by following a few simple rules.

It is still sound policy to spread investments around so that the chance of profit to offset the chance of loss will be greater.

In mining, as in any other speculation, it is sound to consider the extent of your capital before you invest, and not put more money in any speculative issue than you can afford to lose.

Forget Tips

Authorities hold that rumors and tips are at least 75% wrong. It is sound business to investigate before making commitment and to understand the ore reserve position and chances of further ore development.

Many of the large mining companies set the example of diversifying commitments—spreading the risk in the same way insurance companies do. They share ventures with other companies to secure a proper balance between speculations and seasoned investments in their own portfolios and they have the benefit of the most expert engineering and investment advice.

Even in the senior mining stocks that have acquired the best investment standing, the rule for diversification holds.

Mine exhaustion is a point to consider even in the companies that seek to perpetuate their existence by development of new mines.

Base metal mines are considered to have a longer life than gold mines. On the average their tonnage is larger. Further, plant capacity of base metals is predicated on a minimum of six or eight years' ore reserves compared with a gold mine minimum of some two years.

With companies such as International Nickel and Consolidated Smelters, mine exhaustion appears quite remote. International Nickel reserves are adequate for the next 40 years and Smelters' reserves are understood to be immense.

Acadia to Close Thorburn Mine

Will Try to Absorb Miners at Other Operations in Nova Scotia

From Our Own Correspondent

MONTREAL.—Definite announcement has been made by Dominion Steel & Coal Corp. that its subsidiary, Acadia Coal Co., will suspend operations at its Vale Mine at Thorburn, N.S., at the end of the current water shipping season.

Previous announcement of intention to close the mine created considerable controversy, as more than a thousand persons in Thorburn are dependent upon the mine for a livelihood. In announcing it intends to adhere to its previous decision, Dominion Steel & Coal Corp. stated it fully realizes its responsibility to the community of Thorburn, and will do all it can to employ the miners of that community in the other operations in Pictou County, as far as circumstances will allow.

No Available Market

It has been suggested the company should open up the McBean Seam, which is estimated to contain approximately five million tons of coal. The company states this coal represents the only substantial reserve of coal remaining in Pictou County, and must be developed on sound lines at the right time.

At the present time there is no market for additional coal from the Pictou area. In fact, the available market is not sufficiently large to absorb the productive capacity of existing mines. Any immediate development at Thorburn would, therefore, result in decreased operations at Stellarton.

There is practically only one customer for coal from the Vale pit and that customer will accept only 20% of Vale coal. Operations at the mine have recently shown a loss of $1 to $1.25 a net ton. This would progressively increase as the operations became further restricted.

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Test James Bay Lignite At University of Texas

Development of extensive lignite deposits at Blacksmith Rapids just south of James Bay may follow tests now being made at the University of Texas.

A group of Ontario financial interests recently offered to develop the deposit now on Crown land, on a royalty basis. The overburden is understood to range around 50 feet so that development is largely a stripping process, but the railway runs over the deposit, solving primary transportation difficulties.

Because lignite has such a large water content, and deteriorates rapidly, methods of drying and preserving it have not been developed extensively in this country. In the southern United States it is understood that lignite is being used for some railway engines. Germany, too, has developed an apparently practicable method of handling it.

Main difficulty with the Ontario lignite deposit is its considerable distance from large commercial centres (600 miles from Toronto) but development costs would, it appears, be very low.

One major outlet for lignite fuel which the promoters are understood to have in mind, is in smelting and refining operations in the mining areas of Ontario and Quebec.

News Concentrates

Afton shareholders approved an increase in capitalization from 2,000,000 to 3,500,000 shares at a special meeting a short time ago. A firm underwriting on shares has been entered into for $20,500 and the company proposes to purchase 20 claims in Porcupine area for $10,000 cash.

• • •

Buffalo Ankerite produced $247,700 in August from 30,764 tons of ore, an average recovery of $8.05 per ton. July output was $262,643 from 30,874 tons, an average of $8.50.

• • •

Bralorne production in August amounted to $301,350 from 15,006 tons of ore treated, an average recovery of $20.08 per ton. In July production was $297,850 from 15,037 tons, an average of $19.80.

• • •

Bidgood Kirkland reported record production in August for fourth successive month; output was valued at $57,583 from 4,433 tons of ore, an average of $12.99 per ton. This compared with production of $54,442 in July from 4,520 tons, an average of $12.04.

• • •

Bankfield ore reserves were estimated at 70,000 tons recently compared with 65,000 tons at end of 1937.

• • •

Cariboo Gold Quartz August production was $120,085 from 8,841 tons of ore, an average recovery of $13.58 per ton. In July output was $107,240 from 8,417 tons, an average of $12.74. An extra dividend of 1½ cents has been declared payable with the regular dividend on Oct. 1, to shareholders of record Sept. 9.

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Crowshore Gold Mines has cleared site for sinking a shaft to 500 ft. Two major shear zones were indicated by drilling.

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Central Patricia has declared an initial extra dividend of 2 cents per share payable with regular quarterly dividend on Sept. 30, to shareholders of record Sept. 15.

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Empire shareholders approved sale of their property to Gillies Lake-Porcupine for 1,000,000 shares of that company. Paying commission of 100,000 Gillies Lake shares to Canopac Trading Co. was approved as well as granting them option on 600,000 shares at 15 to 25 cents per share.

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Gold Eagle has purchased 4 new claims and a third interest in a fifth.

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Gillies Lake shareholders approved increase in capitalization from 2,750,000 to 5,000,000 shares and acquisition of the Empire property for 1,000,000 shares.

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Gunnar Gold August production was $52,466 from 4,525 tons of ore, an average recovery of $11.59 per ton. In July output was $51,868 from 4,424 tons treated, an average of $11.75.

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Gurney produced $49,305 from 4,059 tons of ore in August, an average recovery of $12.14 per ton. In July production was $42,136 from 3,883 tons, an average of $10.85.

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Island Mountain production for August amounted to $53,076 from 3,740 tons of ore, an average recovery of $14.19 per ton. July output was $55,700 from 3,623 tons, an average of $15.37.

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Leitch August production was approximately $60,000 from 2,733 tons of ore, an average of $21.95 per ton. In July recovery was $61,254 from 2,514 tons, an average of $24.36 per ton.

• • •

Laguna August production was sixth successive record, amounting to $52,719 from 2,700 tons of ore, an average recovery of $19.52 per ton. July production was $52,507 from 2,725 tons, an average of $19.30.

• • •

Macassa August output was $135,807 from 7,912 tons of ore, an average recovery of $17.16 per ton. July production was $131,888 from 8,110 tons, an average of $16.26. The increase in milling capacity is now in effect.

• • •

MacLeod-Cockshutt has indicated the north zone at its 800-ft. level to have a width of 120 ft. averaging $6 per ton by crosscutting 60 ft. into the zone and putting a flat drill hole out from the crosscut face. Mill is handling 550 tons daily.

• • •

Miles-Martin Kirkland reports values of $5.90, $4.90 and $11.60 obtained in its current drilling programme. Widths were not stated.

• • •

Mining Corp. is drilling the property optioned from Rocdor Mines, adjoining Lamaque Gold Mines.

• • •

Paymaster produced $118,826 in August from 16,367 tons of ore milled, an average recovery of $7.26. In July recovery amounted to $118,908 from 16,619 tons, an average of $7.16.

• • •

Perron recovered slightly more than $110,000 in August compared with $119,703 in July; tonnage figures not available.

• • •

Pioneer August production was estimated at $167,000 with profit of $100,000 before deducting depreciation, taxes and depletion. Production for July was estimated at $169,600 with profit of $102,000.

• • •

Reno output for August showed an increase over previous month, amounting to $55,050, as compared with $51,060 in July. Tonnage figures not released.

• • •

Slave Lake Gold Mines is stated to be negotiating funds for mill construction.

• • •

Split Lake is making new offering of rights on basis of one new share at 20 cents for each seven shares held. With each share taken up under this offering a bonus of 3 free shares is being given.

• • •

Sigma output for August was $153,240 from 19,771 tons of ore milled, an average recovery of $7.75 per ton. This compared with production of $150,928 from 19,215 tons in July, an average of $7.85 per ton.

• • •

Sachigo River is redeeming all 6% production notes on Sept. 15.

• • •

Sand River production for August was $38,598 from 3,125 tons of ore, an average recovery of $12.35 per ton. In July, recovery was $36,540 from 3,139 tons, an average of $11.64.

• • •

Sheep Creek produced $76,855 in August from 4,500 tons of ore, an average recovery of $17.08 per ton. July recovery was $78,699 from 4,701 tons, an average of $16.74.

• • •

Silbak Premier smelter returns were $134,903 from 16,635 tons of ore in August, an average of $8.11 per ton. This compared with $153,339 from 16,186 tons the previous month, an average of $9.47 per ton. Operating profit before depreciation and depletion amounted to $49,612 in August and $76,497 in July.

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F. O'Hearn's Analyses Stock Market Favorites

F. O'Hearn & Co., Toronto brokers, have prepared a 16-page booklet analyzing 16 stocks, including Canadian mines and industrial, which a group of five Toronto and five Montreal brokers selected as the most popular.

Leading in popularity is Noranda, scoring 63%, with East Malartic Mines following with 43%. Pamour Porcupine and Dome came next tying for third place with 33%. Industrials showed somewhat lower popularity than mines, National Steel Car leading the industrials with 30% and Building Products following with 20%. In the American field, General Motors led with a score of 30% while Montgomery Ward and Chrysler tied for second place with 27%.

The booklet gives details of each company's operations, earnings and dividends, together with a price range of stock.

New 75-ton Reward Mill To Start in Six Weeks

The new 75-ton mill being erected at Porcher Island Mines, subsidiary of Reward Mining Co., is expected to be placed in operation in about six weeks' time. This mill will treat ore from the Edye Pass and adjoining Surf Point mines, the ore being taken through a low level to mill on tide water. The mill is stated to be of the latest type, electrically operated, and with the latest labor saving devices. Sorting of the ore will be practical, it is expected, both before and after coarse crushing. A 75% interest in the Surf Point mine was purchased from the Timmins Corp. in February, 1937.

T. M. Waterland, formerly underground efficiency engineer at Granby Consolidated, is superintendent.

Reward directors hope to be able to bring earnings from this operation up to $100,000 annually to be available for payment of dividends.

Upper Canada has developed length of 110 ft. of high-grade ore on 500-ft. level, with both faces continuing in high grade. This ore lies easterly of development in same ore body at 250-ft. level.

Franco Oils Drilling Well on Vera Structure

The well of Franco Oils on the Vera structure in Saskatchewan has reached a depth of 2,045 ft. with showings of oil and gas. The well has not yet reached the limestone but it is expected it will be completed within the next ten days, officials state. Altogether 21,000 acres are held on the Vera structure.

The company plans to drill two other wells, one on the Steveville structure where 12,000 acres are held, and one on the Bull Horn structure.

The balance sheet as at March 31, 1938, showed current assets of $16,567 including cash of $10,429. Current liabilities were $6,395. There were 1,124,339 shares issued out of the authorized capital of 2,500,000 shares.

Wesko has suspended milling operations at its property in Ymir district, B.C. Efforts to solve faulting and other problems have been costly, it is understood.

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Kelvinator Has Sales Increase

Declaration of 75c Dividend May Not Indicate Much Drop in Net

It is not believed that declaration of a 75 cent dividend on the common stock of Kelvinator of Canada, payable Sept. 29 to shareholders of record Sept. 19, indicates that earnings are down to any extent. A year ago the company paid a dividend of $1 a share and two years ago made its initial payment on the common of $1.25.

Just what the final figures will be, of course, will not be known for some time after the end of the company's year on Sept. 30. It is understood, however, that results so far are not far from last year's figures. One factor that should help per share earnings on the common is the redemption of the 7% preference issue last February. Preference dividends had been requiring $34,720 annually. The funds for redemption were partly provided by a 5% loan from the parent company, Nash-Kelvinator Corp.

Canadian Sales Up

It is understood that sales in Canada of the company's products have made an excellent showing in the current year. One estimate of the increase in Canadian business gives an increase of around 40% in sales volume.

Business of Kelvinator Ltd., London, Eng., subsidiary of the Canadian company, is understood to be running around the same volume as a year ago.

Regarding the coming year and the balance of the current one, the outlook seems quite favorable, barring some unfortunate contingency. The new refrigerator models will not be announced until around December but no material changes in price are expected.

Kelvinator is making considerable progress in diversifying its output. Regarded as particularly promising by the company is the recently established air-conditioning division. Some substantial sales of air-conditioning equipment have been made in the past year.

In the year ended Sept. 30, 1938, Kelvinator reported net profits of $191,047. This was a substantial reduction from the $339,983 of two years ago but larger than any other recent year. On the 100,000 common shares, of which three-quarters are owned by Nash-Kelvinator, net profits were equivalent to $1.56 a share after deducting $34,720 for preference dividends.

Canada Northern Power Net Earnings Decline

Net earnings of Canada Northern Power declined in July, gross earnings being down slightly and expenses higher. Gross earnings for month of $422,643 were $360 lower than in July last year, while expenses at $185,338 were $10,751 higher.

Net earnings at $237,305 were $11,111 lower for seven months ended July 31. Gross earnings at $2,944,905 recorded an increase of $106,930. Operating expenses were $144,205 higher, so that net earnings at $1,632,462 were $37,275 lower.

Power output in July and in first seven months were both ahead of same period a year ago, but rates are lower. During July, 266 new customers were added to the company's system, bringing total to 20,760, compared with 18,362 a year ago.

Maritime Telephone Stations Show Gain

MONTREAL. — Maritime Telegraph and Telephone Co. reports 41,882 stations in operation at the end of July, an increase of 89 stations over the previous month. This is the largest number of stations in operation ever reported by the company. It represents an increase of 970 stations over the pre-depression peak. During the first seven months of the current year there has been a gain of 813 stations.

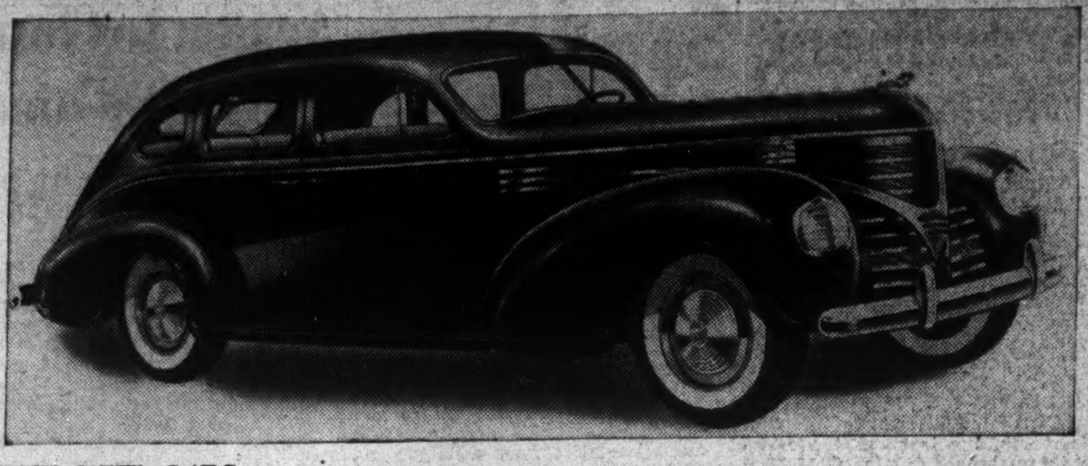
The number of stations reported in operation by the Island Telephone Co., a subsidiary which serves Prince Edward Island, was 4,281 at July 31, a loss of three stations from the previous month.

Volume of toll traffic in July was not as good as in the same month last year. A total of 136,039 calls were completed, a decline of 7,172 from that of July, 1937.

Collateral Loans Higher at Montreal

MONTREAL.—Collateral borrowings of member firms of the Montreal Stock Exchange totalled $16,345,744 as at Aug. 31, 1938, an increase of $112,708 over the previous month. A year ago borrowings amounted to $38,899,280. The loan figure at the end of August is the highest recorded since February of this year.

Figures of borrowings do not include loans on foreign securities, but only borrowings of members of the Montreal Stock Exchange on Canadian securities. They do not include the borrowings of bond affiliate companies of Stock Exchange members.



THE NEW CARS

DODGE DE LUXE FOUR-DOOR SEDAN—New lines, new headlights, new fronts and more chromium feature the exterior of the 1939 Dodge introduced this week. Inside gearshift on de luxe models has been condensed and moved to steering column. Safety and comfort features—deeper upholstery, recessed handles and knobs, speed warning speedometer, etc.—have been continued and emphasized. Unseen underneath are new springs and more rigid frame.

Canada's Diplomatic Plans

Courted by Nations of the World

Ottawa is Refusing to be Hurried

From Our Own Correspondent

OTTAWA.—A magnificent stone building is being erected on the south bank of the Ottawa River, not far from the gates of Rideau Hall.

The Government of France is preparing to house its minister to Ottawa in regal fashion. The new Legation puts into shade every other diplomatic home in Ottawa.

The Government of the United States bought a famous old house on a summit of Rockcliffe east of Rideau Hall. It has also built a very fine legation on Wellington Street, directly opposite to the Houses of Parliament.

Another accredited minister to Canada, the Japanese Baron Shuh Tomii has only recently been appointed. The Japanese legation occupies rented offices in the Victoria building.

There are two other ministers to Ottawa. The first is the Belgian envoy extraordinary and minister plenipotentiary, Baron Silvercruys. The German consul-general has the status of a minister in the records at Berlin but has only that of a consul-general in Canada. He will receive his full status if, as and when Canada sends a minister to Germany.

Diplomatic Relations

Which brings up the whole issue of Canada's diplomatic relations with the world. Canada is held in unusual esteem in the capitals of the world and she has only to make a move to appoint ministers abroad to find a battalion of diplomats moving on Ottawa.

Canada has only three simon-pure ministers plenipotentiary and envoys extraordinary accredited to foreign governments. Sir Herbert Marler is minister to Washington, Hon. Philippe Roy, minister to France and Hon. Robert Randolph Bruce, minister to Japan.

At both ends of this list are two unusual appointees who rank above and below the ministers but have no plenipotentiary powers.

Hon. Vincent Massey is High Commissioner to London. A colleague, Hume Wrong, whom he took to Washington during his service there as minister, is now permanent delegate of Canada to the League of Nations, with quasi-official standing as a minister.

In the beginning Sir John A. Macdonald wanted to send a minister plenipotentiary to London, but Lord Salisbury told Sir John he could only send a High Commissioner.

Honors Thrust Upon Her

Canada today faces a different problem. Foreign governments are more and more recognizing her as a nation. They want to show their appreciation of Canada's place in the world of nations.

If Canada tomorrow appointed ministers to Belgium, Germany, Italy, any of the Scandinavian countries, to Russia, to China, to any country in the world, they would receive a warm welcome and there would be ministers from those countries in Ottawa. There are even those who feel that Canada should raise its chief envoys abroad to ambassadorial rank.

The importance of Canada's external relations is evidenced by the fact that the Prime Minister is responsible for the department. The department is not called foreign affairs because it also includes Empire relations. There is also a popular feeling that the United States is not a "foreign" government though in fact it is so far as Canada is concerned.

Foreign Entanglements

The danger of Canada entering into the diplomatic world corps is that she may become involved in too many foreign affairs. There is also the item of cost. The Department of External Affairs is being run on a million dollars a year. Canada House and the legations and their staffs cost about half a million a year.

If Canada expanded her diplomatic service this cost would run up swiftly. The vote for entertaining visitors from abroad is only $15,000 for the whole set of chancelleries.

Cost of Embassies

Additional cost would be nominal or nothing, however, should Canada elevate to the rank of ambassador the ministers plenipotentiary who now serve or may be appointed. There are three considerations:

1. The distinction between ambassadors and ministers in regard to prestige, influence and effectiveness, is more theoretical than real.

2. The size of the establishment and personnel required for an embassy need not be essentially different from that maintained for a minister.

3. The cost of social personnel and official entertaining would not be markedly greater. As with general size and cost of a diplomatic establishment, scope in this regard is determined more by the size and importance of the country involved than by the nature of its representation.

In some quarters, the lack of expense involved has been another reason for favoring conversion into embassies of Canadian legations abroad. It is argued that such a step would give Canada greater prestige and influence, easier access to high places in other countries, and more effectively protect the Dominion's extra-mural interests.

To date, however, the suggestion has failed to find favor in official circles. In regard to the appointments hitherto of Canada's envoys abroad with less than ambassadorial rank, a dominant consideration appears to have been this: that it would hardly be fitting for a country making its entry for the first time upon the diplomatic scene in another country, and throughout the world in a limited number of posts, to claim the diplomatic status traditionally reserved for the so-called Great Powers.

Even the countries rated as less than "great powers" that have appointed ambassadors, particularly to function at Washington, have not done so in the initial stages of their diplomatic activities, it is contended. And in most cases the lesser countries in question have special claims or reasons for holding their positions among nations maintaining embassies.

Broadly speaking, exchange of ambassadors is recognized practice among the great powers—Great Britain, France, Italy, Germany, U.S.S.R. (Russia), the United States and Japan. But the list also includes the once great nations such as Spain, the near great like Poland, and the relatively great such as the "ABC powers" of Latin America—Argentina, Brazil and Chile. A few years ago China was included in this list by playing off one power against another.

Holland Satisfied

The strategic position of Belgium in the European balance of power has led to its exchanging ambassadors with its most important neighbors and the general ambassadorial list. But the Netherlands, which is fully as important as Belgium and has a strong, well organized diplomatic service, sticks wholly to ministers plenipotentiary.

Cuba sends ambassadors to the United States, Spain and Mexico; and Mexico to various American states, not the United Kingdom or France. Most countries, however, seem to be content with sending ministers abroad. In Washington, for example, there are only 17 countries represented by Ambassadors out of a total of 56 diplomatic representatives in that capital. However, those favoring ambassadors for Canada argue that at least a third of the countries represented by these ambassadors have diplomatic and trade interests in the U. S. no more important than Canada's—in some cases less.

Ambassadorial representation at Washington is maintained by Argentina, Belgium, Brazil, Chile, China, Cuba, France, Germany, Great Britain, Italy, Japan, Mexico, Peru, Poland, Spain, Turkey and U.S.S.R.

Ministers Satisfactory

Volume of business between the U. S. and some of these countries is admittedly less than that between the U. S. and Canada. Nevertheless, it is the official view at Ottawa that ambassadorial status at Washington would not in any practical or substantial measure increase the influence or value of the Dominion representation.

It is felt that Canada's ministers will continue to carry a great deal of weight at Washington, regardless of their place in order of precedence. In the Ottawa view, this will certainly prevail as long as Canada's relations with the United States remain as intimate and important as they are, and as long as Canada continues to be represented at Washington by men of personal ability.

As to the general question of appointing Canadian ambassadors, it is impossible to find any support for it in official circles. It is evidently the view that such a step at this stage would be in the interests neither of Canada nor of this country's comparatively young diplomatic service. Among non-official observers of foreign affairs, however, there has been developing recently a feeling that now would be little less opportune than the future to take the ambassadorial plunge.

Classes of Diplomats

Generally speaking four different classes of international diplomatic agents are recognized by custom and by treaties dating back to the early part of the last century:

1. Ambassadors, legates, and nuncios.

2. Envoys and ministers plenipotentiary.

3. Ministers resident accredited to the sovereign.

4. Charges d'affaires accredited to the minister of foreign affairs.

Both ambassadors and ministers plenipotentiary represent the interests of their respective states abroad, but ambassadors are supposed as well to represent the sovereign or head of the state in a personal sense. Also, by tradition only the greater states are customarily represented by ambassadors, and only in states of their own rank or importance.

Both these distinctions have been considerably modified with the passage of time, and by changing economic and social conditions. Few "sovereigns," except presidents and dictators, exercise any personal influence in affairs, and the right to speak for a sovereign or the right of entree to another sovereign counts for little. While ministers plenipotentiary rank below ambassadors in precedence, they rank among themselves according to seniority of appointment.

Coal Output Down in July

Production Is 330,424 Tons Lower Than in July Last Year

From Our Own Correspondent

MONTREAL.—Canadian output of coal in July was down sharply from the same month last year. In fact, it was below the average output for July during the past five years.

Production for the month totalled 814,910 tons. This compares with 930,355 tons in June, and 1,145,334 tons in July, 1937. The average for July during the past five years was 971,538 tons.

Bituminous coal production in July amounted to 730,890 tons; sub-bituminous coal, 10,681 tons; and lignite coal, 73,339 tons.

The decline in output took place in the Maritimes and in British Columbia. Alberta and Saskatchewan production increased.

Output by Areas

Nova Scotia produced 463,213 tons in July, compared with 694,786 tons last year. New Brunswick production declined to 18,048 tons from 32,528 tons a year ago. British Columbia's output dropped 23.3%, amounting to 96,753 tons compared with 126,091 tons in July last year.

Alberta operators mined 211,697 tons in July as against 197,563 tons a year ago. Saskatchewan's production increased 14.8% to 25,190 tons from 21,948 tons in July, 1937.

Production of coke in July amounted to 183,199 tons. This is a drop of 4.5% from the output of 191,912 tons in the previous month and a decline of 13.4% from the 211,569 tons reported in July, 1937.

Algoma Consol. To be Wound Up

Leave Granted to Complete Plan Adopted in 1937

The way has been opened for the distribution of the assets of Algoma Consolidated Corp. through an order granted by Justice Roach under the Winding Up Act. This enables the company to go ahead with a distribution of its assets under the plan adopted by holders of the 5% cumulative income debenture and stock and bonds on April 15, 1937.

Remaining assets of Algoma Consolidated consist of 5% first mortgage income debenture stock of Algoma Central and Hudson Bay Railway.

Security holders of Algoma Consolidated will receive the pro rata shares as follows:

(1) The $4,123,400 5% first mortgage income debenture stock and bonds of Algoma Central will be distributed on the basis of $40 of the 5% Algoma Central debentures for each $30 Algoma Consolidated debenture stock or bonds surrendered.

(2) 214,445 trust shares in the Algoma Central common stock voting trust will be distributed on the basis of approximately 69.34 shares for each $1,000 debenture.

Toronto Brokers' Loans Drop in August Period

Borrowings on collateral of members of the Toronto Stock Exchange as at Aug. 31, 1938, were $25.4 millions, a decrease of $127,845 from the July 31 total. As quoted market value of all securities listed was $4,782.1 millions, a decrease of $177.7 millions during the month, the ratio of borrowings to market values becomes .53 of 1% against .52 of 1% a month earlier. These figures on collateral borrowings do not include loans on foreign securities nor the bond affiliates of stock exchange companies.

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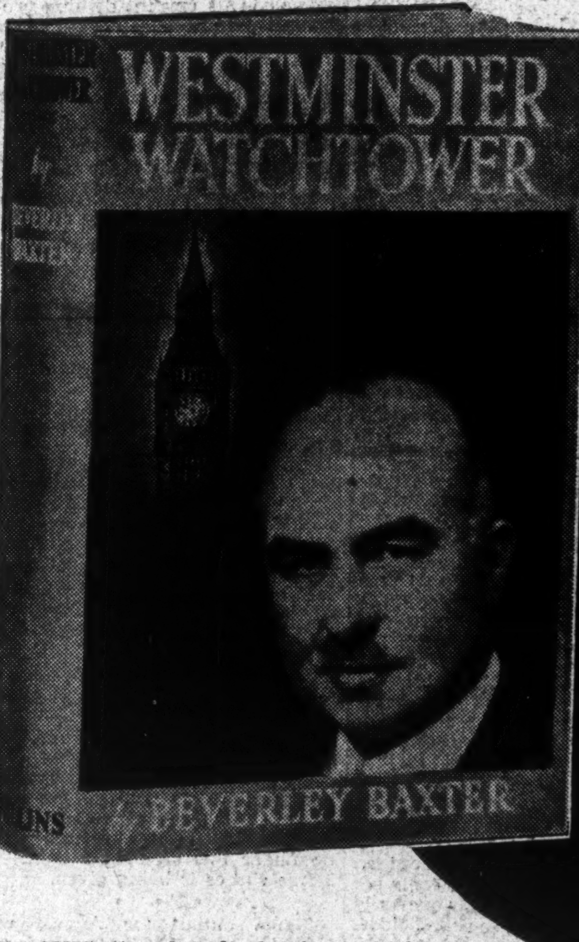
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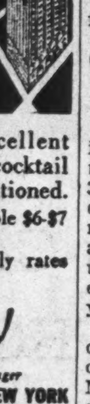
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